Metropolitan Transportation Authority Deferred Compensation Program

Financial Statements as of and for the
Years Ended December 31, 2015 and 2014, and
Independent Auditors' Report

METROPOLITAN TRANSPORTATION AUTHORITY
DEFERRED COMPENSATION PROGRAM

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INDEPENDENT AUDITORS' REPORT

To the Committee of the
Metropolitan Transportation Authority Deferred Compensation Program

Report on the Financial Statements

We have audited the accompanying statements of Plans' net position of the Metropolitan Transportation Authority Deferred Compensation Program, comprised of the Deferred Compensation Plans for Employees of the Metropolitan Transportation Authority, its Subsidiaries and Affiliates and the Thrift Plan for Employees of the Metropolitan Transportation Authority, its Subsidiaries and Affiliates, (collectively the "Plans") as of December 31, 2015 and 2014, and the related statements of changes in Plans' net position for the years then ended, and the related notes to the financial statements, which collectively comprise the Plans' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Plans' preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plans' internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the Plans' net position as of December 31, 2015 and 2014, and the respective changes in Plans' net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Deloitte & Touche LLP

January 30, 2017

The Deferred Compensation Program is comprised of the Deferred Compensation Plan for Employees of the Metropolitan Transportation Authority, its Subsidiaries and Affiliates (the "457 Plan") and the Thrift Plan for Employees of the Metropolitan Transportation Authority, its Subsidiaries and Affiliates (the "401(k) Plan"), collectively known as the "Plans" and the "Metropolitan Transportation Authority Deferred Compensation Plans". This management's discussion and analysis of the Plans' financial performance provides an overview of the Plans' financial activities for the years ended December 31, 2015 and 2014. It is meant to assist the reader in understanding the Plans' financial statements by providing an overall review of the financial activities during the year and the effects of significant changes. This discussion and analysis may contain opinions, assumptions, or conclusions by the MTA's management that should not be considered a replacement for, and is intended to be read in conjunction with the Plans' financial statements which begin on page 22.

OVERVIEW OF BASIC FINANCIAL STATEMENTS

The following discussion and analysis is intended to serve as an introduction to the financial statements. The basic financial statements are:

- **The Statement of Plans Net Position —** presents the financial position of the Plans at fiscal year end. It provides information about the nature and amounts of resources with present service capacity that the Plan presently controls (assets), consumption of net assets by the Plan that is applicable to a future reporting period (deferred outflow of resources), present obligations to sacrifice resources that the Plan has little or no discretion to avoid (liabilities), and acquisition of net assets by the Plan that is applicable to a future reporting period (deferred inflow of resources) with the difference between assets/deferred outflow of resources and liabilities/deferred inflow of resources being reported as net position. Investments are shown at contract and net asset values ("NAV") value. All other assets and liabilities are determined on an accrual basis.

- **The Statements of Changes in Plans Net Position** present the results of activities during the year. All changes affecting the assets and liabilities of the Plans are reflected on an accrual basis when the activity occurred regardless of the timing of the related cash flows. In that regard, changes in the contract and NAV values of investments are included in the year's activity as net appreciation (depreciation) in contract and NAV values of investments.

- **The Notes to Financial Statements** provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes present information about the Plans' accounting policies, significant account balances and activities, material risks, obligations, contingencies, and subsequent events, if any.

The financial statements are prepared in accordance with Governmental Accounting Standards Board ("GASB") Pronouncements.

Financial Highlights

As a result of various Deferred Compensation Program changes, expanding participant eligibility through collective bargaining, a strong educational program and greater participant satisfaction, the Deferred Compensation Program has continued to grow. The assets of the 457 Plan exceeded its liabilities by \$2.136 billion and the assets of the 401(k) plan exceeded its liabilities by \$2.924 billion as of December 31,

2015. This net position restricted for benefits is held in trust for distribution to the Plans participants and/or beneficiaries.

The assets of the 457 Plan exceeded its liabilities by $2.010 billion and the assets of the 401(k) plan exceeded its liabilities by $2.756 billion as of December 31, 2014. This net position restricted for benefits is held in trust for distribution to the Plans participants and/or beneficiaries.

During 2015, the net positions held in trust for the 457 Plan and the 401(k) Plan increased by $125.826 million and $168.576 million, respectively, due primarily to net investment income and employer and employee contributions to the plans. This was offset by distributions to participants and plan expenses.

During 2014, the net positions held in trust for the 457 Plan and the 401(k) Plan increased by $195.532 million and $265.160 million, respectively, due primarily to net investment income and employer and employee contributions to the plans. This was offset by distributions to participants and plan expenses.

Deductions from the Plans' net position consist primarily of distributions to participant and transfers to other plans, and plan expenses in the amounts of $94.964 million and $93.712 million for the 457 Plan and $135.371 million and $119.848 million for the 401(k) Plan for the year ended December 31, 2015 and 2014, respectively.

Plans Net Position
As of December 31,
($ In Thousands)

457 Plan

	2015	2014	2013	Amount of Change (2015 - 2014)	Amount of Change (2014 - 2013)	Percentage Change (2015 - 2014)	Percentage Change (2014 - 2013)
ASSETS:							
Investments at fair value:	$ 2,069,184	$ 1,949,962	1,759,129	$ 119,222	$ 190,833	6.1%	10.8%
Participant loans receivable	67,361	60,849	55,740	6,512	5,109	10.7	7.2
Total assets	2,136,545	2,010,811	1,814,869	125,734	195,942	6.3	10.8
LIABILITIES:							
Administrative expense reimbursement	375	66	57	309	9	468.2	15.8
Total liabilities	375	66	57	309	9	468.2	15.8
TOTAL NET POSITION RESTRICTED FOR BENEFITS	$ 2,136,170	$ 2,010,745	$ 1,814,812	$ 125,425	$ 195,933	6.2%	10.8%

401K Plan

	2015	2014	2013	Amount of Change (2015 - 2014)	Amount of Change (2014 - 2013)	Percentage Change (2015 - 2014)	Percentage Change (2014 - 2013)
ASSETS:							
Investments at fair value:	$ 2,794,983	$ 2,637,807	$ 2,379,654	$ 157,176	$ 258,153	6.0%	10.8%
Participant loans receivable	129,902	118,639	111,081	11,263	7,558	9.5	6.8
Total assets	2,924,885	2,756,446	2,490,735	168,439	265,711	6.1	10.7
LIABILITIES:							
Administrative expense reimbursement	472	66	58	406	8	615.2	13.8
Total liabilities	472	66	58	406	8	615.2	13.8
TOTAL NET POSITION RESTRICTED FOR BENEFITS	$ 2,924,413	$ 2,756,380	$ 2,490,677	$ 168,033	$ 265,703	6.1%	10.7%

For the Years Ended December 31,
($ In Thousands)

457 Plan

				Amount of Change		Percentag
	2015	2014	2013	(2015 - 2014)	(2014 - 2013)	(2015 - 2014)
ADDITIONS:						
Investment income:	$ 36,997	$ 84,328	$ 211,663	$ (47,331)	$ (127,335)	(56.1)%
Contributions and additional deposits	181,031	202,375	141,077	(21,344)	61,298	10.6
Loan repayments - interest	2,762	2,541	2,267	221	274	8.7
Total additions	220,790	289,244	355,007	(68,454)	(65,763)	(23.7)
DEDUCTIONS:						
Distribution to participants	47,642	42,368	37,327	5,274	5,041	12.5
Transfers to other plans	43,881	47,317	36,761	(3,436)	10,556	(7.3)
Net participant loan activity	1,778	1,850	1,315	(72)	535	(3.9)
Other	2,064	1,776	790	288	986	16.2
	95,365	93,311	76,193	2,054	17,118	2.2
Increase in net position	125,425	195,933	278,814	(70,508)	(82,881)	(36.0)
TOTAL NET POSITION RESTRICTED FOR BENEFITS						
Beginning of year	2,010,745	1,814,812	1,535,998	195,933	278,814	10.8
End of year	$ 2,136,170	$ 2,010,745	$ 1,814,812	$ 125,425	$ 278,814	6.2 %

401K Plan

				Amount of Change		Percentag
	2015	2014	2013	(2015 - 2014)	(2014 - 2013)	(2015 - 2014)
ADDITIONS:						
Investment income:	$ 49,879	$ 118,282	$ 303,221	$ (68,403)	$ (184,939)	(57.8)%
Contributions and additional deposits	248,732	261,753	182,497	(13,021)	79,256	5.0
Loan repayments - interest	5,336	4,973	4,552	363	421	7.3
Total additions	303,947	385,008	490,270	(81,061)	(105,262)	21.1
DEDUCTIONS:						
Distribution to participants	58,729	49,663	45,739	9,066	3,924	18.3
Transfers to other plans	71,819	64,409	61,783	7,410	2,626	11.5
Net participant loan activity	2,548	2,254	1,872	294	382	13.1
Other	2,818	2,979	1,571	(161)	1,408	(5.4)
	135,914	119,305	110,965	16,609	8,340	13.9
Increase in net position	168,033	265,703	379,305	(97,670)	(113,602)	36.8
TOTAL NET POSITION RESTRICTED FOR BENEFITS						
Beginning of year	2,756,380	2,490,677	2,111,372	265,703	379,305	10.7
End of year	$ 2,924,413	$ 2,756,380	$ 2,490,677	$ 168,033	$ 379,305	6.1 %

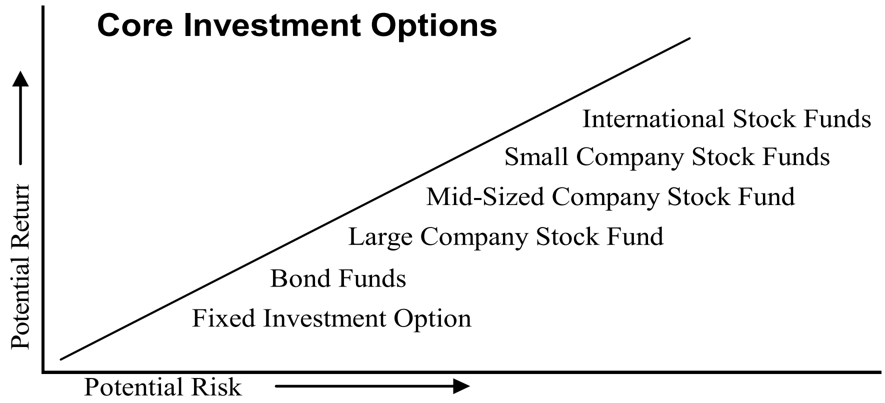
Investment Options

The MTA Plans offer ten (10) Target-Year Lifecycle Funds, which provide a diversified mix of certain of the Plans' investment options and allow a participant to choose the fund closest to their anticipated withdrawal date. The Target-Year Lifecycle Funds are designed to provide an asset allocation strategy appropriate for an individual's risk and return preferences in a single fund through a diversified portfolio of the Plans' domestic stock funds, international stock funds and fixed income funds. Some components are not offered to participants outside of the Target-Year Lifecycle Funds. Allocations are automatically rebalanced to their targets on a quarterly basis.

Fund Name	Asset Class	Portfolio Allocations
MTA Target-Year Lifecycle 2015 Fund	Large Cap 12%	MTA Large Cap Core Index Fund 6%
	Mid Cap 2%	MTA Large Cap Value Portfolio 3%
	Small Cap 2%	MTA Large Cap Growth Portfolio 3%
	International 16%	MTA Mid Cap Core Portfolio 2%
	Market Bonds 18%	MTA Small Cap Core Portfolio 2%
	Stable Value 38%	MTA International Portfolio 16%
	DIH Allocation 12%	MTA Fixed Income Portfolio 18%
		MTA Stable Value Fund 38%
		MTA Diversified Inflation Hedge 12%
MTA Target-Year Lifecycle 2020 Fund	Large Cap 16%	MTA Large Cap Core Index Fund 8%
	Mid Cap 2%	MTA Large Cap Value Portfolio 4%
	Small Cap 2%	MTA Large Cap Growth Portfolio 4%
	International 20%	MTA Mid Cap Core Portfolio 2%
	Market Bonds 21%	MTA Small Cap Core Portfolio 2%
	Stable Value 29%	MTA International Portfolio 20%
	DIH Allocation 10%	MTA Fixed Income Portfolio 21%
		MTA Stable Value Fund 29%
		MTA Diversified Inflation Hedge 10%
MTA Target-Year Lifecycle 2025 Fund	Large Cap 21%	MTA Large Cap Core Index Fund 13%
	Mid Cap 3%	MTA Large Cap Value Portfolio 4%
	Small Cap 3%	MTA Large Cap Growth Portfolio 4%
	International 26%	MTA Mid Cap Core Portfolio 3%
	Market Bonds 22%	MTA Small Cap Core Portfolio 3%
	Stable Value 15%	MTA International Portfolio 26%
	DIH Allocation 10%	MTA Fixed Income Portfolio 22%
		MTA Stable Value Fund 15%
		MTA Diversified Inflation Hedge 10%
MTA Target-Year Lifecycle 2030 Fund	Large Cap 21%	MTA Large Cap Core Index Fund 13%
	Mid Cap 4%	MTA Large Cap Value Portfolio 4%
	Small Cap 4%	MTA Large Cap Growth Portfolio 4%
	International 29%	MTA Mid Cap Core Portfolio 4%
	Market Bonds 25%	MTA Small Cap Core Portfolio 4%
	Stable Value 7%	MTA International Portfolio 29%
	DIH Allocation 10%	MTA Fixed Income Portfolio 25%
		MTA Stable Value Fund 7%
		MTA Diversified Inflation Hedge 10%

Fund Name	Asset Class	Portfolio Allocations
MTA Target-Year Lifecycle 2035 Fund	Large Cap 22%	MTA Large Cap Core Index Fund 12%
	Mid Cap 5%	MTA Large Cap Value Portfolio 5%
	Small Cap 5%	MTA Large Cap Growth Portfolio 5%
	International 32%	MTA Mid Cap Core Portfolio 5%
	Market Bonds 26%	MTA Small Cap Core Portfolio 5%
	DIH Allocation 10%	MTA International Portfolio 32%
		MTA Fixed Income Portfolio 26%
		MTA Diversified Inflation Hedge 10%
MTA Target-Year Lifecycle 2040 Fund	Large Cap 25%	MTA Large Cap Core Index Fund 11%
	Mid Cap 7%	MTA Large Cap Value Portfolio 7%
	Small Cap 7%	MTA Large Cap Growth Portfolio 7%
	International 38%	MTA Mid Cap Core Portfolio 7%
	Market Bonds 13%	MTA Small Cap Core Portfolio 7%
	DIH Allocation 10%	MTA International Portfolio 38%
		MTA Fixed Income Portfolio 13%
		MTA Diversified Inflation Hedge 10%
MTA Target-Year Lifecycle 2045 Fund	Large Cap 27%	MTA Large Cap Core Index Fund 11%
	Mid Cap 8%	MTA Large Cap Value Portfolio 8%
	Small Cap 8%	MTA Large Cap Growth Portfolio 8%
	International 42%	MTA Mid Cap Core Portfolio 8%
	Market Bonds 5%	MTA Small Cap Core Portfolio 8%
	DIH Allocation 10%	MTA International Portfolio 42%
		MTA Fixed Income Portfolio 5%
		MTA Diversified Inflation Hedge 10%
MTA Target-Year Lifecycle 2050 Fund	Large Cap 27%	MTA Large Cap Core Index Fund 9%
	Mid Cap 8%	MTA Large Cap Value Portfolio 9%
	Small Cap 8%	MTA Large Cap Growth Portfolio 9%
	International 42%	MTA Mid Cap Core Portfolio 8%
	Market Bonds 5%	MTA Small Cap Core Portfolio 8%
	DIH Allocation 10%	MTA International Portfolio 42%
		MTA Fixed Income Portfolio 5%
		MTA Diversified Inflation Hedge 10%
MTA Target-Year Lifecycle 2055 Fund	Large Cap 27%	MTA Large Cap Core Index Fund 9%
	Mid Cap 8%	MTA Large Cap Value Portfolio 9%
	Small Cap 8%	MTA Large Cap Growth Portfolio 9%
	International 42%	MTA Mid Cap Core Portfolio 8%
	Market Bonds 5%	MTA Small Cap Core Portfolio 8%
	DIH Allocation 10%	MTA International Portfolio 42%
		MTA Fixed Income Portfolio 5%
		MTA Diversified Inflation Hedge 10%
MTA Income Fund	Large Cap 8%	MTA Large Cap Core Index Fund 4%
	Mid Cap 1%	MTA Large Cap Value Portfolio 2%
	Small Cap 1%	MTA Large Cap Growth Portfolio 2%
	International 10%	MTA Mid Cap Core Portfolio 1%
	Market Bonds 12%	MTA Small Cap Core Portfolio 1%
	Stable Value 51%	MTA International Portfolio 10%
	DIH Allocation 17%	MTA Fixed Income Portfolio 12%
		MTA Stable Value Fund 51%
		MTA Diversified Inflation Hedge 17%

In addition to the ten Target-Year lifecycle funds, the Plans offer a spectrum of investment options that include two international funds, two small company stock funds, two mid-size company stock funds, three large company stock funds, two bond funds, and the Stable Value Income Fund ("Fixed Investment Option").



The investment objective for each of the funds is described below. Additional information on each investment option, including a Fund Fact Sheet is available on the Plans' website at www.Prudential.com/MTA.

International Equity Funds

MTA International Index Fund – The fund invests wholly in State Street Global Advisors ("SSgA") Global All Cap Equity ex U.S. Index Fund – Class K. The fund seeks to match as closely as possible, before expenses, the performance of the MSCI ACWI ex-USA IMI Index over the long term.

MTA International Portfolio – The Portfolio is managed by two complementary, but independent managers. The balances in the investments are rebalanced regularly to maintain the 50/50 split between the two managers. By employing two managers, this portfolio offers improved diversification compared to having a single investment manager. The underlying investments are:

1. **William Blair Institutional International Growth Fund –** (Foreign Large Growth) The fund seeks long-term capital appreciation. The fund normally invests at least 80% of total assets in a diversified portfolio of equity securities, including common stocks and other forms of equity investments, issued by companies of all sizes domiciled outside the U.S. that the Advisor believes have above-average growth, profitability and quality characteristics. Its investments are normally allocated among at least six different countries and no more than 50% of the fund's equity holdings may be invested in securities of issuers in one country at any given time.
2. **Target International Equity Q Fund –** (Foreign Large Value) The fund seeks capital appreciation. The fund is advised by Prudential Investments LLC and normally invests at least 80% of investable assets in stocks of companies in a diverse array of countries other than the United States. It may invest in large, mid or small capitalization companies. The fund may invest in securities of companies that are organized under the laws of a foreign country, companies that derive more than 50% of their revenues from activities in foreign countries, and companies that have at least 50% of their assets located abroad.

Small-Cap Equity Funds

MTA Small Cap Core Index Fund – (Small Cap Blend) The fund invests wholly in the SSgA Russell 2000 Index Non-Lending Series Fund – Class A. The SSgA Fund seeks an investment return that approximates as closely as practicable, before expenses, the performance of the Russell 2000 Index over the long term.

MTA Small Cap Core Portfolio – The Portfolio is managed by two complementary, but independent managers. The balances in the investments are rebalanced regularly to maintain the 50/50 split between the two managers. By employing two managers, this portfolio offers improved diversification compared to having a single investment manager. The underlying investments are:

1. **The Conestoga Small Cap Growth Fund** – (Small Growth) This Separate Account is advised by Conestoga Capital Advisors LLC, following their Small Cap Growth Strategy. The Strategy seeks long-term capital appreciation.
2. **The Denver Small Cap Value Fund – (**Small Blend) This Separate Account is advised by Denver Investment Advisors LLC. The strategy seeks to achieve long-term capital appreciation primarily through investments in dividend paying companies with small capitalizations whose stocks appear to be undervalued.

Mid-Cap Equity Funds

MTA Mid Cap Core Index Fund – (Blend) The fund invests wholly in the SSgA S&P Mid Cap Index Non-Lending – Class C. The fund seeks an investment return that approximates as closely as practicable, before expenses, the performance of the S&P MidCap 400 Index over the long term.

MTA Mid Cap Core Portfolio – The Portfolio is managed by two complementary, but independent managers. The balances in the investments are rebalanced regularly to maintain the 50/50 split. By employing two managers, this portfolio offers improved diversification compared to having a single investment manager. The underlying investments are:

1. **Frontier Capital Fund Mid Cap Growth** – (Growth) This Separate Account is advised by Frontier Capital Management Company LLC. The fund seeks to provide capital appreciation and outperform the Russell MidCap Growth Index over the long term. The securities of mid-capitalization companies involve greater risks than those associated with larger, more established companies and may be subject to more abrupt or erratic price movements.
2. **Vanguard Selected Value Fund** – (Value) The fund is advised by Barrow, Hanley, Mewhinney & Strauss Inc. and Donald Smith & Co. The investment seeks to provide long-term growth of capital appreciation and income. The fund invests mainly in the stocks of medium-size U.S. companies, choosing stocks considered by an advisor to be undervalued which are generally those that are out of favor with investors and are trading at prices that the advisor feels are below average in relation to measures such as earnings and book value. These Stocks often have above-average dividend yields.

Large-Cap Equity Funds

MTA Large Cap Value Portfolio – (Value) The Portfolio invests wholly in the T. Rowe Price Institutional Large Cap Value Fund. The investment seeks to provide long-term capital appreciation by investing in common stocks believed to be undervalued. In taking a value approach to investment selection, the fund will normally invest at least 80% of its net assets in securities of large-cap companies the portfolio manager regards as undervalued. The fund defines a large-cap company as one whose market capitalization is larger than the median market capitalization of companies in the Russell 1000 Value Index or larger than the three year average median market capitalization of companies in the index as of December 31 of the three preceding years.

MTA Large Cap Growth Portfolio – (Growth) The Portfolio invests wholly in the Large Cap Growth Jennison Fund. The Separate Account is advised by Jennison, following its Large Cap Growth Equity Investment strategy. It seeks to outperform, over the long term, both the Russell 1000 Growth and the S&P 500 Indexes and to be the best performing manager among its peers, with a consistent risk profile.

MTA Large Cap Core Index Fund – (Blend) The Fund invests wholly in the Vanguard Institutional Index Fund Institutional Plus Shares. The investment seeks to track the performance of a benchmark index that measures the investment return of large capitalization stocks. The fund attempts to replicate the target index by investing all, or substantially all, of assets in the stocks that make up Standard & Poor's 500 Index, holding each stock in approximately the same proportion as its weighting in the index.

Fixed Income Funds

MTA Bond Aggregate Index Fund - The Fund invests wholly in the SSgA US Bond Index Non-Lending – Class C. The Fund seeks to match, as closely as possible, before expenses, the performance of the Barclays U.S. Aggregate Bond Index over the long term.

MTA Fixed Income Portfolio – The Portfolio is managed by three complementary, but independent managers. The balances in the investments are rebalanced regularly to maintain the 34%/33%/33% split. By employing three managers, this portfolio offers improved diversification compared to having a single investment manager. The underlying investments are:

1. **TCW Core Plus Fund** – This separate account is sub-advised by Metropolitan West Asset Management, LLC. TCW Core Plus Fund seeks to outperform the broad market by applying specialized management expertise to and allocating capital among US government, corporate, high yield and mortgage-backed sectors. In addition, exposure to international and emerging markets fixed income assets are opportunistically incorporated into portfolio positioning. The strategy seeks to outperform the Barclays Aggregate Bond Index.

2. **Loomis Sayles Core Plus Fixed Income Fund –** The funds seeks high total investment return through a combination of current income and capital appreciation and to outperform its benchmark, the Barclays US Aggregate Bond Index denominated in US dollars.

3. **Wellington World Bond Portfolio –** The fund is sub-advised by Wellington Management Company, LLP. The objective of the World Bond approach is to generate consistent total returns over a full market cycle. World Bond investment process is designed to allocate capital to high quality sovereign countries while simultaneously identifying opportunistic investment ideas across a wide range of diversified fixed income strategies, and to transparently manage portfolio risk.

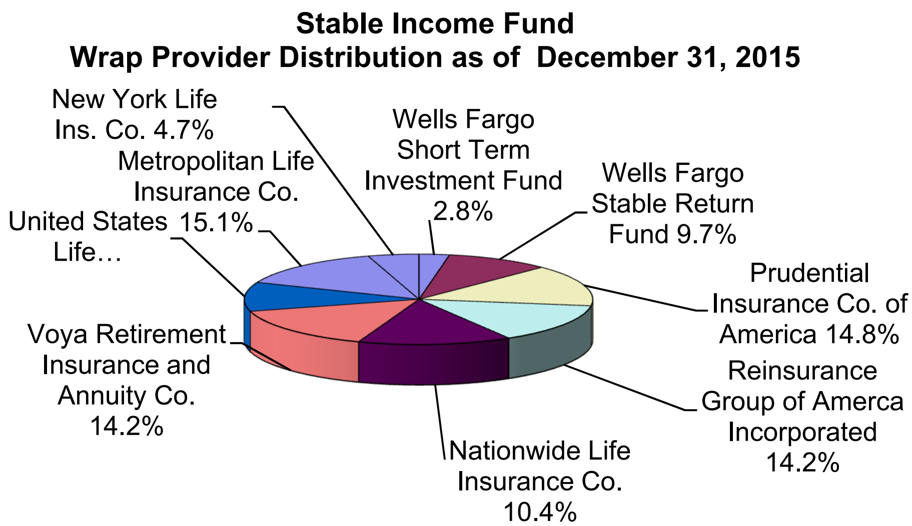
Stable Value Option

MTA Stable Value Fund – The fund seeks to provide safety of principal and a stable credited rate of interest, while generating competitive returns over time compared to other comparable investments. The fund is managed by Galliard Capital Management and is primarily comprised of investment contracts issued by financial institutions and other eligible stable value investments. All contract issuers and securities utilized in the portfolio are rated investment grade by one of the Nationally Recognized Statistical Rating Organizations at time of purchase. The types of investment contracts in which the Fund may invest include Guaranteed Investment Contracts (“GICs”), Synthetic GICs, and Separate Account GICs. These types of investment contracts seek to provide participants with safety of principal and accrued interest as well as a stable crediting rate.

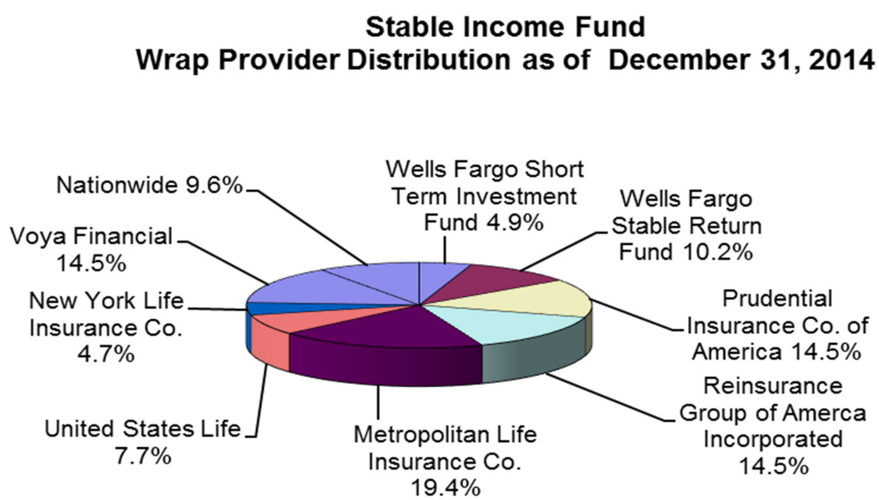
GICs are direct obligations of insurance companies which generally provide fixed rates of interest (net of the insurer’s fees) over set periods of time. A GIC has no associated portfolio of underlying securities and is simply an obligation of the issuer to repay principal and pay a stated rate of return. Synthetic GICs are designed to facilitate the preservation of investment principal by providing for valuation at the contract’s book value. There are two key components in a Synthetic GIC’s structure: (1) underlying securities which are held and owned by the Fund on behalf of investors, and (2) contracts issued by a bank or insurance company which, under normal circumstances, permit Fund investors to make withdrawals at book value. Separate Account GICs are issued by insurance companies, and like the structure of Synthetic GICs, are backed by underlying securities. Unlike Synthetic GICs, however, the underlying securities of Separate Account GICs are owned and held by the issuing insurance company. These underlying securities are; however, segregated from insurance company general account assets.

Each of these types of investment contracts are designed to be benefit responsive, allowing participants to transact at book value (principal plus accrued interest) without reference to the price fluctuations of the underlying fixed income securities.

The following chart shows the underlying investments of the MTA Stable Value Fund as of December 31, 2015 and 2014.



*The Wells Fargo Stable Return Fund G and Wells Fargo/BlackRock STIF are not a part of the wrapped portfolio.



*The Wells Fargo Stable Return Fund G and Wells Fargo/BlackRock STIF are not a part of the wrapped portfolio.

The MTA Plans' investment options performance is outlined in the following tables. The Plans, with the assistance of its independent investment consultant, continuously monitors the investment options in conformance with the investment policy for the Plans. Below each Fund listed below is the benchmark used to compare the investment results.

Performance Summary

Year ended December 31, 2015

Stable Value

	3 Months	1 Year	3 Years	5 Years	7 Years
MTA Stable Value	.5%	1.9%	2.1%	2.4%	2.9%
Galliard 5YrCMT+50bps	.4%	1.8%	1.9%	1.8%	2.0%

Fixed Income

	3 Months	1 Year	3 Years	5 Years	7 Years
SSgA Aggregate Bond Index Fund	-0.5%	0.6%	1.4%	3.2%	4.1%
Barclays U.S. Aggregate	-0.6%	0.6%	1.4%	3.3%	4.1%
Loomis Sayles Core Plus Bond	-0.6%	NA	NA	NA	NA
Barclays U.S. Aggregate	-0.6%	0.6%	1.4%	3.3%	4.1%
TCW MetWest Core Plus Fixed Income	-0.4%	NA	NA	NA	NA
Barclays U.S. Aggregate	-0.6%	0.6%	1.4%	3.3%	4.1%
Wellington World Bond Fund	-0.7%	NA	NA	NA	NA
Barclays U.S. Aggregate	-0.6%	0.6%	1.4%	3.3%	4.1%

Domestic Equity

	3 Months	1 Year	3 Years	5 Years	7 Years
Vanguard Institutional Index Fund Institutional Plus	7.1%	1.4%	15.1%	12.6%	14.8%
S&P 500	7.0%	1.4%	15.1%	12.6%	14.8%
T Rowe Price Large Cap Value Fund (Prudential Separate Account)	7.8%	-3.2%	NA	NA	NA
Russell 1000 Value	5.6%	-3.8%	13.1%	11.3%	13.0%
Jennison Large Cap Growth (Prudential Separate Account)	8.3%	10.9%	18.6%	14.3%	17.5%
Russell 1000 Growth	7.3%	5.7%	16.8%	13.5%	17.1%
SSgA S&P 400 Mid Cap Index	2.6%	-2.2%	12.7%	10.6%	16.3%
S&P 400 MidCap	2.6%	-2.2%	12.8%	10.7%	16.4%
Vanguard Selected Value Fund Investor	3.4%	-3.8%	13.3%	11.0%	15.5%
Russell Midcap Value	3.1%	-4.8%	13.4%	11.3%	16.2%
Frontier Mid Cap Growth (Prudential Separate Account)	2.1%	3.0%	15.3%	11.6%	16.2%
Russell Midcap Growth	4.1%	-0.2%	14.9%	11.5%	18.0%
SSgA Russell 2000 Index	3.6%	-4.4%	11.6%	9.1%	13.9%
Russell 2000	3.6%	-4.4%	11.7%	9.2%	14.0%
Denver Small Cap Value (Separate Account)	1.6%	-7.3%	NA	NA	NA
Russell 2000 Value	2.9%	-7.5%	9.1%	7.7%	11.7%
Conestoga Small Cap Growth (Separate Account)	8.7%	7.6%	NA	NA	NA
Russell 2000 Growth	4.3%	-1.4%	14.3%	10.7%	16.3%

Performance Summary
Year ended December 31, 2015 (continued)

International Equity

	3 Months	1 Year	3 Years	5 Years	7 Years
SSgA MSCI ACWI ex-U.S. IMI Index	3.0%	-4.5%	1.7%	NA	NA
MSCI AC World ex U.S. Net	3.5%	-4.6%	2.0%	1.3%	8.1%
William Blair Institutional International Growth Fund	4.8%	0.1%	5.0%	4.4%	11.4%
MSCI AC World ex U.S. Growth Net WHT	5.0%	-1.3%	3.5%	2.1%	8.4%
Target International Equity Portfolio Q	4.2%	1.9%	4.6%	NA	NA
MSCI AC World ex U.S. Value Net WHT	1.4%	-10.1%	-0.6%	-0.1%	6.5%
MSCI EAFE Value NET WHT	2.7%	-5.7%	3.1%	2.5%	6.7%

Diversified Inflation

	3 Months	1 Year	3 Years	5 Years	7 Years
SSgA Real Asset	-1.9%	-14.1%	-6.8%	-2.8%	NA
SSgA Custom Real Asset Index	-1.9%	-14.1%	-6.7%	-2.7%	NA

Lifecycle

	3 Months	1 Year	3 Years	5 Years	7 Years
MTA Income	1.0%	1.0%	2.3%	3.5%	4.7%
MTA Income Composite Index	0.7%	0.3%	2.0%	3.4%	4.4%
MTA 2015	1.6%	1.0%	3.4%	4.3%	7.2%
MTA 2015 Composite Index	1.2%	-.01%	3.1%	4.1%	6.2%
MTA 2020	2.1%	1.0%	4.2%	4.9%	7.9%
MTA 2020 Composite Index	1.6%	-0.4%	3.7%	4.5%	6.9%
MTA 2025	2.7%	0.9%	5.5%	5.7%	8.9%
MTA 2025 Composite Index	2.1%	-0.8%	4.9%	5.3%	8.1%
MTA 2030	2.9%	0.8%	5.9%	5.9%	9.4%
MTA 2030 Composite Index	2.3%	-1.0%	5.2%	5.5%	9.4%
MTA 2035	3.1%	0.7%	6.4%	6.3%	10.0%
MTA 2035 Composite Index	2.5%	-1.3%	5.6%	5.8%	9.2%
MTA 2040	3.9%	1.0%	8.1%	7.0%	11.1%
MTA 2040 Composite Index	3.2%	-1.5%	7.1%	6.5%	10.4%
MTA 2045	4.4%	0.9%	9.1%	7.4%	11.9%
MTA 2045 Composite Index	3.8%	-2.1%	8.0%	6.9%	11.4%
MTA 2050	4.4%	0.8%	9.4%	7.6%	12.2%
MTA 2050 Composite Index	4.0%	-2.2%	8.2%	7.0%	11.6%
MTA 2055[1]	NA	NA	NA	NA	NA
MTA 2055 Composite Index	NA	NA	NA	NA	NA

[1] The MTA 2055 Fund was added to the Program on December 16, 2015.

Performance Summary

Year ended December 31, 2014

Stable Value

	3 Months	1 Year	3 Years	5 Years	7 Years
MTA Stable Value	0.5%	1.9%	2.3%	2.8%	3.3%
Galliard 5YrCMT+50bps	0.5%	2.2%	1.7%	1.9%	2.2%

Domestic Fixed

	3 Months	1 Year	3 Years	5 Years	7 Years
SSgA Aggregate Bond Index Fund	1.8%	6.0%	2.6%	4.4%	4.8%
Barclays Capital U.S. Aggregate	1.8%	6.0%	2.7%	4.5%	4.8%
SSgA U.S. Inflation Protected Bond Index Fund	0.0%	3.5%	.3%	4.0%	4.1%
Barclays Capital U.S. TIPS	0.0%	3.6%	.4%	4.1%	4.2%
Prudential Core Plus (Separate Account)	2.0%	5.1%	4.7%	4.7%	5.8%
Barclays Capital U.S. Aggregate	1.8%	6.0%	2.7%	4.5%	4.8%
Vanguard Institutional Index Fund Institutional Plus	4.9%	13.7%	20.4%	15.5%	7.3%
S&P 500	4.9%	13.7%	20.4%	15.5%	7.3%
T Rowe Price Institutional Large-Cap Value Fund	4.4%	13.1%	21.3%	14.9%	7.3%
Russell 1000 Value	5.0%	13.5%	20.9%	15.4%	6.4%
Jennison Large Cap Growth (Prudential Separate Account)	2.9%	10.1%	20.6%	14.4%	8.6%
Russell 1000 Growth	4.8%	13.0%	20.3%	15.8%	8.4%
SSgA S&P400 MidCap Index	6.4%	9.7%	19.9%	16.5%	9.4%
S&P 400 MidCap	6.3%	9.8%	20.0%	16.5%	9.5%
Vanguard Selected Value Fund Investor	2.9%	6.4%	20.3%	16.0%	9.1%
Russell Midcap Value	6.1%	14.7%	22.0%	17.4%	9.1%
Frontier Mid Cap Growth (Prudential Separate Account)	6.8%	11.3%	20.6%	15.6%	8.6%
Russell Midcap Growth	5.8%	11.9%	20.7%	16.9%	8.6%
SSgA Russell 2000 Index	9.8%	4.9%	19.2%	15.5%	8.1%
Russell 2000	9.7%	4.9%	19.2%	15.5%	8.2%
Denver Small Cap Value (Separate Account)	10.7%	6.8%	NA	NA	NA
Westcore Small Cap Value Dividend Fund Inst	10.9%	6.6%	17.0%	15.2%	7.4%
Russell 2000 Value	9.4%	4.2%	18.3%	14.3%	7.6%
Conestoga Small Cap Growth (Separate Account)	9.5%	-7.9%	NA	NA	NA
Conestoga Small Cap Fund	9.7%	-8.0%	15.1%	16.8%	9.1%
Russell 2000 Growth	10.1%	5.6%	20.1%	15.7%	8.7%

Performance Summary

Year ended December 31, 2014 (continued)

International Equity

	3 Months	1 Year	3 Years	5 Years	7 Years
SSgA MSCI ACWI ex-U.S. IMI Index	-4.4%	-4.3%	9.2%	NA	NA
MSCI AC World ex U.S. Net	-3.9%	-3.9%	9.2%	4.7%	-.3%
William Blair Institutional International Growth Fund	-1.6%	-2.7%	12.8%	8.3%	.3%
MSCI AC World ex U.S. Growth Net WHT	-2.3%	-2.6%	9.5%	5.2%	-.4%
Target International Equity Q	-4.1%	-7.0%	9.5%	NA	NA
MSCI AC World ex U.S. Value Net WHT	-5.4%	-5.1%	8.5%	8.5%	-.9%
MSCI EAFE Value NET WHT	-4.9%	-5.4%	11.0%	11.0%	-1.0%

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Lifecycle

	3 Months	1 Year	3 Years	5 Years	7 Years
MTA Income	.8%	2.8%	4.2%	4.7%	4.1%
MTA Income Composite Index	.8%	3.4%	3.9%	4.6%	3.9%
MTA 2010	0.9%	3.2%	5.2%	5.5%	4.8%
MTA 2010 Composite Index	0.9%	3.8%	4.8%	5.4%	4.4%
MTA 2015	1.2%	3.2%	6.0%	6.3%	5.6%
MTA 2015 Composite Index	1.1%	4.0%	5.7%	6.2%	5.0%
MTA 2020	1.3%	3.4%	7.2%	6.9%	5.4%
MTA 2020 Composite Index	1.2%	4.3%	6.7%	6.7%	4.9%
MTA 2025	1.7%	3.8%	9.1%	8.1%	5.6%
MTA 2025 Composite Index	1.6%	5.0%	8.7%	8.0%	5.2%
MTA 2030	1.7%	3.9%	9.9%	8.4%	5.4%
MTA 2030 Composite Index	1.6%	5.2%	9.3%	8.9%	5.3%
MTA 2035	1.8%	4.1%	10.8%	8.8%	5.1%
MTA 2035 Composite Index	1.6%	5.4%	10.1%	8.7%	5.3%
MTA 2040	2.2%	4.2%	12.8%	9.8%	5.0%
MTA 2040 Composite Index	2.0%	5.8%	12.2%	9.8%	5.2%
MTA 2045	2.2%	3.7%	14.2%	10.5%	4.8%
MTA 2045 Composite Index	2.0%	5.5%	13.9%	10.7%	5.2%
MTA 2050	2.1%	3.6%	14.6%	10.7%	4.5%
MTA 2050 Composite Index	1.9%	5.4%	14.4%	10.8%	5.1%

The table below summarizes the Plans' investments by category at December 31, 2015:

FUND INVESTMENT SUMMARY

Investment at Contract and NAV Values	457 Distribution		401k Distribution	
Target-Year Lifecycle Funds	$318,524,684	15.39%	$476,611,941	17.05%
International Equity Funds	105,779,549	5.11	154,481,314	5.53
Small-Cap Equity Funds	94,927,646	4.59	132,230,414	4.73
Mid-Cap Equity Funds	156,530,472	7.57	201,497,979	7.21
Large-Cap Equity Funds	498,720,278	24.10	715,264,509	25.59
Bond Funds	86,716,130	4.19	126,838,507	4.54
Stable Income Fund	805,593,393	38.93	984,627,394	35.23
Self-Directed Investment Option	2,391,986	0.12	3,430,742	0.12
Total Investments	$2,069,184,138	100%	$2,794,982,800	100%

The table below summarizes the Plans' investments by category at December 31, 2014:

FUND INVESTMENT SUMMARY

Investment at Contract and NAV Values	457 Distribution		401k Distribution	
Target-Year Lifecycle Funds	$310,082,729	15.90%	$466,322,084	17.68%
International Equity Funds	92,685,736	4.75	131,360,638	4.98
Small-Cap Equity Funds	88,454,049	4.54	125,007,402	4.74
Mid-Cap Equity Funds	152,311,762	7.81	195,652,664	7.42
Large-Cap Equity Funds	459,490,678	23.56	671,727,40`1	25.47
Bond Funds	73,070,359	3.75	106,953,196	4.05
Stable Income Fund	771,831,770	39.58	938,061,759	35.56
Self-Directed Investment Option	2,035,410	0.11	2,721,576	0.10
Total Investments	$1,949,962,493	100%	$2,637,806,720	100%

At December 31, 2015, the investment option holding the largest portion of participants' funds in both the 457 and 401(k) Plans was the Stable Income Funds with 38.93% and 35.23% of invested funds, respectively. This was followed by the Large-Cap Equity Funds with 24.10% and 25.59% of invested 457 and 401(k) funds, respectively.

At December 31, 2014, the investment option holding the largest portion of participants' funds in both the 457 and 401(k) Plans was the Stable Income Funds with 39.58% and 36.56% of invested funds, respectively. This was followed by the Large-Cap Equity Funds with 23.56% and 25.47% of invested 457 and 401(k) funds, respectively.

Economic Factors

Market Overview and Outlook – 2015

Despite low returns across all major markets and asset classes, 2015 was an eventful year. Market performance was framed by an ever complicated macro environment. Europe was the focus in the first half of the year. Switzerland abandoned its currency peg to the Euro. Greece continued to make headlines with its contested austerity program, posing an existential threat to the European common currency. In the second half, eyes turned toward a weakening Chinese economy, resulting in commodity markets continuing their steep decline and volatility rising across the equity and fixed income markets. Emerging markets, particularly those centered on commodities where demand is tied to Chinese growth, experienced sharp declines for the year.

Weak global growth and low inflation set the stage for divergent central bank monetary policies in developed markets. The year ended with the United States Federal Reserve raising interest rates for the first time in nearly 10 years. The European Central Bank and Bank of Japan took a different path, as they continued their quantitative easing programs in an effort to boost inflation and lagging growth for their economies. Perhaps the story for the year was what played out in China, emerging markets, and the commodity markets. As China's ability to generate the growth expected by the markets became more suspect, the impact was felt across commodity markets. Oil ended the year below $40/barrel, off its peak of just 18 months ago of $120/barrel. Similarly, copper, iron ore, nickel and other industrial metals all are touching lows not seen in recent years. Emerging markets, many of which are tied to China's growth by supplying it with the raw materials necessary to fuel the economic engine, sold off as investors pulled their risk capital from the markets. Within this context, there were few places to invest to generate meaningful positive returns, while other areas experienced performance not seen since the Great Financial Crisis.

Macro Themes

- Weak global growth continuing into 2017
- Central Bank policy divergence, US tightening while Europe and Japan eases
- China weakening; turmoil in emerging markets and commodities
- Volatile currency markets and sovereign debt stress

The macro picture was framed by tepid global growth in 2015, with the likelihood that sub-optimal economic performance would continue into 2016 and 2017. Developed markets look to remain weak, with Gross Domestic Product ("GDP") growth not breaking through the 3% level in the US, Europe, or Japan in 2016 or 2017 according to both the International Monetary Fund ("IMF") and World Bank. Inflation remains non-existent across the developed markets while currency depreciation in emerging markets have led to spikes in inflation. The United States is in an environment where interest rates will likely rise over the next two years; Europe and Japan are in a decidedly different place. Weak demand and low inflation in Europe and Japan have led to further central bank intervention and easing. In emerging markets, central banks have moved to increase interest rates in order to tame both inflation and capital outflows. Ultimately, US interest rate increases will continue to result in a strengthening United States Dollar, potentially impacting the United States manufacturing and exporting sectors and likely restraining the Fed from increasing rates too quickly. Costs of a rising dollar and interest rates may be partially offset by cheaper natural resources and energy costs.

Europe continues to be impacted by high levels of public debt and low economic growth. Like many emerging markets, much of Europe's exports are tied to Chinese demand and growth. Lower growth in China will continue to place pressures on Europe, in particular Germany. Debt levels have not yet moderated post-financial crisis and flare-ups in the periphery countries, such as in Greece, Portugal, Italy, and Spain, are likely to continue as growth remains challenged and reforms and austerity lose support. Banks will continue their deleveraging cycle as new rules on risk capital are implemented. In Japan, where banks are in better health; high public debt, low growth, a weakening regional economic picture, and aging demographics will challenge the government in delivering their growth and inflation targets.

Emerging markets have seen their economic performance deteriorate over the past few years, coinciding with both a weaker global growth picture, sovereign debt issues in developed markets, and a collapse in energy and mineral prices. The main emerging markets, Brazil, Russia, India and China, defined as the "BRICs" all face their own challenges. Brazil faces high inflation, high interest rates, low growth and a government beset by allegation of corruption. China, in attempting to shift from being manufacturing- oriented to a consumer-based economy, faces significant pressures to meet its growth target of 7% per year. Russia faces a deteriorating financial condition as lower energy prices and economic sanctions take their toll. Finally, India seems to continually disappoint in liberalizing its economy and implementing the structural reforms necessary to unleash its potential.

United States

Markets in the United States were challenged for the year, but were among the best performers in 2015. Unlike other regions, the United States appears to be on relatively sound footing, with unemployment continuing to decline and the remaining hangovers from the 2008 financial crisis continuing to dissipate. The better economic picture provided the Federal Reserve enough leeway to raise interest rates in December for the first time in nearly ten years. The 25 basis point move is largely symbolic, as the frequency and velocity of future interest rate hikes will be determined by continued improvement in the economy.

Equity

- Worst year for United States Equities since 2008
- Valuations neither cheap nor expensive
- Risk Aversion – Large Cap outperformed Small and Mid Cap. Growth outperformed Value
- Energy and Materials lagged the broader markets significantly
- Health Care and Consumer Sectors relatively strong
- Equity markets set for another low-return year

Large Cap stocks were barely positive, with the S&P 500 and Russell 1000 indices posting returns of +1.4% and +0.9%, respectively. Small Cap and Mid Cap indices underperformed large cap. Small Cap, as measured by the Russell 2000 Index, returned -4.4%. The Russell Mid Cap Index performed better, at -2.4%, but still posting its first negative year since 2008. Digging deeper, there was significant performance dispersion across the sectors. Energy and materials performed remarkably poorly. Large Cap energy stocks fell by 21.1% for the year while Mid Cap energy stocks fell by over 33%. Consumer areas performed reasonably well. Consumer Discretionary (+10.1%), Health Care (+6.9%) and Staples (+6.6%) were the leading performers in the S&P 500. With the potential for a new interest rate regime in the United States, active management may finally start to deliver against passive investment options. Dispersion amongst sectors and stocks, as well as increased volatility from a cloudy global macro picture, should provide active managers an adequate environment to deliver value in relation to their fees.

Fixed Income

Unlike recent years where fixed income could be counted on to deliver performance in a weak year for equities, bonds disappointed across all asset classes. Treasuries returned 0.84% for the year, with long-dated bonds outperforming shorter-dated bonds. Importantly, Treasuries were among the best performing areas of the bond markets for 2015. And perhaps more significantly, most investors have been both underweight Treasuries and positioned toward the front end of the yield curve, in anticipation of rising interest rates. This shorter-duration strategy hurt investors in 2015 as the 7-10 Year Index outperformed the 1-3 Year Index by 100 bps for the year. The underweight to Treasuries further eroded performance for many investors in their bond portfolios.

- Intermediate Treasuries returned less than 2%
- Investment Grade Credit posted negative returns, driven by BBB-rated
- High Yield markets sold off in second half of the year
- Declining liquidity in corporate bonds due to capital rules on dealer balance sheets
- Fixed income likely to continue to disappoint as interest rates creep higher

Volatility entered the fixed income markets significantly in the back half of the year. High Yield, which had seen strong inflows in recent years, sold off as investors became nervous of rising interest rates, illiquidity, and the impact from the decline in energy prices. Energy issuers comprise roughly 15% of the high yield market and are under significant pressure due to the decline in oil prices. High profile fund closures and liquidations in the fourth quarter added to the volatility in the high yield market. Investment grade was not immune to the volatility either as risk aversion was evident in the corporate bond markets. Lower-rated investment grade, defined as “BBB” by S&P, posted a -1.5% return for the year, underperforming “A” rated bond by nearly 200 bps. Investment in fixed income will remain a challenging class in 2016. Potential interest rate increases should continue to dampen returns for Treasuries and risk-aversion in investment grade and high-yield will likely lead to further volatility. Nimbleness and patient deployment of capital in fixed income could offer opportunities to take advantage of periods of market stress.

International Developed

- Weak year in Developed Markets (United States dollar returns)
- Eurozone, United Kingdom, Australia, Canada all posting negative returns
- Japan, Italy, and Scandinavia only major markets positive for the year
- Equity valuations in developed markets appear relatively cheaper than the US
- Low returns in fixed income in 2015 and expected through 2016

Europe muddled through 2015, never quite able to shake-off a steady procession of crises or concerns, whether the headlines were Greece, sovereign debt levels, weak growth, the viability of the Euro, or the influx of migrants. In United States dollars, all major developed markets posted negative performance in 2015. Banks in Europe continue their deleveraging programs, selling off non-core holdings and impaired assets. Opportunities in Europe will continue to exist in taking advantage of the deleveraging cycle, although the space has become crowded with ever increasing amounts of capital seeking returns. Unlike the US, equity valuations appear a little more attractive in Europe and there may be a likelihood that investors will shift their focus from United States to European Equities. In Asia, most developed markets continue to experience very weak performance in United States dollar terms, with the one exception being Japan. Japan, which has embarked on aggressive policies to pull the country from two decades of stagnation, returned +9.6% in 2015. Whether the strong relative performance continues is an open question, particularly in light of the developments in China and whether the Yen can continue to depreciate against other currencies.

Fixed income markets in Europe and Japan are largely centered on government bonds, with corporate and asset-backed issuance making up a fraction of the overall markets. European Treasuries returned 1.7% in 2015, and with the latest round of quantitative measures employed by the European Central Bank, returns are likely to be similar in 2016.

Emerging Markets

- Terrible year in Emerging Markets (United States dollar returns)
- Weighed by capital outflows and commodity sell-off
- Major markets of Indonesia, Brazil, South Africa, Turkey, Malaysia, Thailand at least 20% lower
- Only Hungary and Russia posted positive returns
- Local Currency Bonds significantly down; hard currency bonds modestly positive
- No end in sight for volatility and macro risks remain elevated

Emerging markets posted performance not seen since the financial crisis. The broad emerging markets index declined 14.9% for the year. Only two markets tracked by Morgan Stanley Country Index (“MSCI”), Hungary and Russia, posted positive performance for the year, although Russia was largely a result of performance in the non-energy and basic materials sectors. China, which made significant news through the fall and into winter with the deterioration of its economy and clumsy financial controls implemented to arrest a steep decline in its equity markets, performed better than the broader emerging markets index, falling 7.8% for the year. The worst performance in emerging markets came from Latin America. The Emerging Markets Latin America index

("EMLI") fell by 31.0% in 2015, with the worst performance coming from the commodity-heavy economies of Brazil (-41.4%), Peru (-31.7%), and Columbia (-41.8%).

More troubling may be the performance of the bond markets of emerging markets. In local currency terms, most emerging markets fixed income indices posted positive performance in 2-5% range. In United States dollar terms, the declines in local currency bonds have been staggering. Brazil (-30.1%), South Africa (-28.2%), and Turkey (-20.9%) highlight the impact of currency on performance. Hard currency bonds, generally issued in United States dollars, performed better in 2015, due to the strength of the dollar. The strong performance does not mask the risk due to currency mismatches in the hard currency market and the perennial risk of devaluation, default, and repudiation. Declining currencies, commodity price volatility, high debt levels, and high inflation will likely provide little respite in 2016 for emerging markets.

Commodities

- One of the worst years on record for commodities
- Slowing China growth, weak global demand, over supply interrelated factors
- Little expectation for a recovery in commodity prices in the near term

Commodities posted amongst the worst performance of any asset class in 2015. The Dow Jones Commodity Index ("DJCI") fell by over 25% in 2015, with the energy components leading the downward spiral in prices. Only Cocoa and Cattle provided any positive returns in the index. The Brent Crude Index ("BCI") fell by 45.7% in 2015; Heating Oil fell by 41.4% and Natural Gas fell by 39.1%. While potentially a benefit to consumers, the collapse in energy prices has negative effects near (United States shale producers) and far (emerging markets sovereign debt and currencies). Industrial metals were also not immune to the sell-off. As China demand for industrial metals has declined, prices for industrial metals declined by 25% in 2015. The volatility in prices, as well as the impairment on company financials, has led to a significant amount of capital raised in the private equity space in seeking to take advantage of the environment. With little reason to believe that a recovery is near, performance will likely broadly disappoint.

Contact Information

This financial report is designed to provide a general overview of the Metropolitan Transportation Authority Deferred Compensation Program's finances. Questions concerning any data provided in this report or requests for additional information should be directed to the Deferred Compensation Department, Metropolitan Transportation Authority, 2 Broadway 10th Floor, New York, NY 10004.

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METROPOLITAN TRANSPORTATION AUTHORITY
DEFERRED COMPENSATION PROGRAM

STATEMENTS OF PLANS NET POSITION
AS OF DECEMBER 31, 2015 AND DECEMBER 31, 2014
($ In THOUSANDS)

	2015		2014	
	457	**401K**	**457**	**401K**
ASSETS:				
Investments at contract value	$ 861,989	$ 1,064,401	$ 826,879	$ 1,016,656
Investments at net asset value	1,207,195	1,730,582	1,123,083	1,621,151
Total investments	2,069,184	2,794,983	1,949,962	2,637,807
Other plan investments:				
Participant loans receivable	67,361	129,902	60,849	118,639
Total other plan investments	67,361	129,902	60,849	118,639
Total assets	2,136,545	2,924,885	2,010,811	2,756,446
LIABILITIES:				
Administrative expense reimbursement	375	472	66	66
Total liabilities	375	472	66	66
TOTAL NET POSITION RESTRICTED FOR BENEFITS	$ 2,136,170	$ 2,924,413	$ 2,010,745	$ 2,756,380

See notes to financial statements.

METROPOLITAN TRANSPORTATION AUTHORITY
DEFERRED COMPENSATION PROGRAM

STATEMENTS OF CHANGES IN PLANS NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
($ In THOUSANDS)

	2015		2014	
	457	**401K**	**457**	**401K**
ADDITIONS:				
Investment income:				
Net appreciation in fair value of investments	$ 36,997	$ 49,879	$ 84,328	$ 118,282
Total investment income	36,997	49,879	84,328	118,282
Contributions:				
Employee contributions, net	175,952	226,386	197,250	240,181
Participant rollovers	5,079	17,471	5,125	17,705
Employer contributions	-	4,875	-	3,867
Total contributions	181,031	248,732	202,375	261,753
Other additions:				
Loan repayments - interest	2,762	5,336	2,541	4,973
Total additions	220,790	303,947	289,244	385,008
DEDUCTIONS:				
Distribution to participants	47,642	58,729	42,368	49,663
Transfers to other plans	43,881	71,819	47,317	64,409
Net loan initiations/repayments	(116)	(201)	(73)	(207)
Loan defaults/offsets	1,894	2,749	1,923	2,461
Loan fees transfers to other plans	247	518	225	490
Other deductions	1,442	1,828	1,485	2,423
Administrative expense	375	472	66	66
Total deductions	95,365	135,914	93,311	119,305
Increase in net position	125,425	168,033	195,933	265,703
TOTAL NET POSITION RESTRICTED FOR BENEFITS				
Beginning of year	2,010,745	2,756,380	1,814,812	2,490,677
End of year	$ 2,136,170	$ 2,924,413	$ 2,010,745	$ 2,756,380

See notes to financial statements.

1. PLANS BACKGROUND AND DESCRIPTION

Description – The Deferred Compensation Program consists of two defined contribution plans that provide benefits based solely on the amounts contributed to each participant's account(s), plus or minus any income, expenses and gains/losses. The Deferred Compensation Program is comprised of the Deferred Compensation Plan For Employees of the Metropolitan Transportation Authority ("MTA"), its Subsidiaries and Affiliates ("457 Plan") and the Thrift Plan For Employees of the Metropolitan Transportation Authority, its Subsidiaries and Affiliates ("401(k) Plan"). Certain MTA Related Groups employees are eligible to participate in both deferred compensation plans. Both Plans are designed to have participant charges, including investment and other fees, cover the costs of administering the Deferred Compensation Program.

In 1984, the MTA established the 457 Plan to provide benefits competitive with private industry. Only managerial employees were permitted to participate in the Plan and investment options were limited to five funds: a Guaranteed Interest Fund, a Common Stock Fund, a Money Market Fund, a Managed Fund, and a Stock Index Fund. Pursuant to Internal Revenue Code ("Code") Section 457, the MTA has established a trust or custodial account to hold plan assets for the exclusive benefit of the participants and their beneficiaries. Participation in the 457 Plan is now available to non-represented employees and, after collective bargaining, most represented employees. All amounts of compensation deferred under the 457 Plan, and all income attributable to such compensation, less expenses and fees, are held in trust for the exclusive benefit of the participants and their beneficiaries. Accordingly, the 457 Plan is not reflected on the MTA's consolidated statements of net position.

In 1985, the MTA Board adopted the 401(k) Plan, a tax-qualified plan under section 401(k) of the Code. The 401(k) Plan remained dormant until 1988 when an IRS ruling "grandfathered" the plan under the Tax Reform Act of 1986. Participation in the 401(k) Plan is now available to non-represented employees and, after collective bargaining, most represented employees. All amounts of compensation deferred under the 401(k) Plan, and all income attributable to such compensation, less expenses and fees, are held in trust for the exclusive benefit of the participants and their beneficiaries. Accordingly, the 401(k) Plan is not reflected in the accompanying consolidated statements of net position.

As the Deferred Compensation Program's asset base and contribution flow increased, participants' investment options were expanded by the Deferred Compensation Committee with the advice of its Financial Advisor to provide greater diversification and flexibility. In 1988, after receiving an IRS determination letter for the 401(k) Plan, the MTA offered its managers the choice of either participating in the 457 Plan or the 401(k) Plan. By 1993, the MTA offered eight investment funds: a Guaranteed Interest Account Fund, a Money Market Fund, a Common Stock Fund, a Managed Fund, a Stock Index Fund, a Government Income Fund, an International Fund and a Growth Fund.

In 1998, the Deferred Compensation Committee approved the unbundling of the Plans. In 2008, the Plans' investment choices were re-structured to set up a four-tier strategy:

- Tier 1 – The MTA Target-Year Lifecycle Funds, which are comprised of a mix of several funds, most of which are available separate investments in the Deferred Compensation Program. The particular mix of investments for each Fund is determined by the "target" date, which is the date the money is intended to be needed for retirement income.

- Tier 2 - The MTA Index Funds offer a tier of index funds, which invest in the securities of companies that are included in a selected index, such as the Standard & Poor's 500 (large cap) Index or Russell Mid Cap Index.

- Tier 3 – The MTA Actively Managed Portfolios, which are comprised of actively managed portfolios that are directed by one or a team of professional managers who buy and sell a variety of holdings in an effort to outperform a selected index. These institutional strategies provide participants with a diversified array of distinct asset classes, with a single fund option in each class to simplify the decision making process.

- Tier 4 – Self-Directed Mutual Fund Option is designed for the more experienced investors. Offers access to an expanded universe of mutual funds from hundreds of well-known mutual fund families. Participants may invest only a portion of their account balances in this Tier.

The two Plans offer the same array of investment options. Eligible participants in the Deferred Compensation Program include employees (and in the case of Metropolitan Suburban Bus Authority, former employees) of:

- MTA
- The Long Island Rail Road Company ("MTA Long Island Rail Road")
- Triborough Bridge and Tunnel Authority ("MTA Bridges and Tunnels")
- Metropolitan Suburban Bus Authority ("MTA Long Island Bus")
- Metro-North Commuter Railroad Company ("MTA Metro-North Railroad")
- New York City Transit Authority ("MTA New York City Transit")
- Staten Island Rapid Transit Operating Authority ("MTA Staten Island Rapid Transit")
- MTA Capital Construction Company ("MTA Capital Construction")
- MTA Bus Company ("MTA Bus")

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The Deferred Compensation Program's ("Program") financial statements are prepared on the accrual basis of accounting under which deductions are recorded when the liability is incurred and revenues are recognized in the accounting period in which they are earned. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plans. Contributions from members are recorded when the employer makes payroll deductions from plans' members. Additions to the Plans consist of contributions (member and employer) and net investment income. Investment purchases and sales are recorded as of trade date.

For financial reporting purposes, The MTA adheres to accounting principles generally accepted in the United States of America. The MTA Deferred Compensation Program applies all applicable pronouncements of the Governmental Accounting Standards Board ("GASB").

New Accounting Standards Adopted – The Plans adopted GASB Statement No. 72, *Fair Value Measurement and Application*. GASB Statement No.72 requires the Funds to use valuation techniques which are appropriate under the circumstances and are either a market approach, a cost approach or income approach. GASB 72 establishes a hierarchy of inputs used to measure fair value consisting of three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs, other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs, and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. GASB 72 also contains note disclosure requirements regarding the hierarchy of valuation inputs and valuation techniques that was used for the fair value measurements. There was no material impact on the Plans' financial statements as a result of the implementation of GASB 72. Certain changes were also made to the footnotes to the financial statements including additional disclosures related to the hierarchy of valuation inputs and valuation techniques.

Recent Accounting Pronouncements —

The Plans have not completed the process of evaluating the impact of GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The requirements of GASB Statement No. 73, extend the approach to accounting and financial reporting established in Statement No. 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement No. 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement No. 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and nonemployer contributing entities. This Statement also clarifies the application of certain provisions of Statement Nos. 67 and 68 with regard to the following issues: 1) Information that is required to be presented as notes to the 10-year schedules of required supplementary information about investment-related factors that significantly affect trends in the amounts reported; 2) Accounting and financial reporting for separately financed specific liabilities of individual employers and nonemployer contributing entities for defined benefit pensions; 3) Timing of employer recognition of revenue for the support of nonemployer contributing entities not in a special funding situation. The requirements of this Statement should be applied simultaneously with the provisions of GASB Statement No. 68 and are effective for fiscal years beginning after June 15, 2016.

The Plans have completed the process of evaluating the impact of Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.* The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement supersedes Statement No. 55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The Plans have determined that GASB Statement No. 76 had no impact on Plans financial statements

The Plans have completed the process of evaluating the impact of Statement No. 79, *Certain External Investment Pools and Pool Participants.* This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgment is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant.

If an external investment pool does not meet the criteria established by this Statement, that pool should apply the provisions in paragraph 16 of Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, as amended. If an external investment pool meets the criteria in this Statement and measures all of its investments at amortized cost, the pool's participants also should measure their investments in that external investment pool at amortized cost for financial reporting purposes. If an external investment pool does not meet the criteria in this Statement, the pool's participants should measure their investments in that pool at fair value, as provided in paragraph 11 of Statement 31, as amended. This Statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures for both the qualifying external investment pools and their participants include information about any limitations or restrictions on participant withdrawals. The Plans have determined that GASB Statement No. 79 had no impact on the Plans financial statements.

The Plans have not completed the process of evaluating the impact of Statement No. 82, *Pension Issues: An Amendment of GASB Statements No. 67, No. 68 and No. 73.* The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements Nos. 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Earlier application is encouraged.

Use of Estimates - The preparation of the Program's financial statements in conformity with accounting principles generally accepted in the United States of America as prescribed by Government Accounting Standards Board ("GASB"). These principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates which include fair market value of investments.

Investment Valuation and Income Recognition - Investments are stated at contract and NAV values as reported by Prudential (the "Trustee"). All investments are registered, with securities held by the Plans' Trustee, in the name of the Plans. The values of the Plans' investments are adjusted to contract and NAV values as of the last business day of the Plans' year. Gains and losses on investments that were sold during the year are included in net appreciation/(depreciation) in contract and NAV values of investments.

3. INVESTMENTS

Investment Objective - The primary investment objective of the Program is to offer a set of investment options such that:

- Sufficient options are offered to allow participants to build portfolios consistent with their investment risk/return preferences.
- Each option is adequately diversified.
- Each option has a risk profile consistent with its position in the overall structure.
- Each option is managed so as to implement the desired risk profile of the asset class it represents.

Investment Guidelines - The Deferred Compensation Committee selects and executes agreements with qualified investment managers and/or funds which fulfill the criteria of the identified investment option. The Program is participant-directed and participants select from among the available investment options.

The investment options used to fund the various asset classes may be separately managed portfolios, commingled funds, or mutual funds. The Committee may from time to time modify the number and characteristics of the investment vehicles to be made available to participants within each investment option.

The specific investment vehicles chosen by the Committee must have appropriate investment characteristics and be managed by organizations which, by their record and experience, have demonstrated their investment expertise.

Such investment vehicles also should:

- Have sufficient assets under management so that the MTA account is not more than 10% of total strategy assets; strategy is defined as assets in all vehicles (separate accounts, collective trusts and mutual funds),
- Be well diversified,
- Have a minimum of three years of verifiable investment performance information,
- Have acceptable volatility in line with investment philosophy and process,
- Have the liquidity and/or marketability to pay benefit amounts to participants due under the terms of the Program, and
- Have a reasonable expense ratio.

Concentration of Credit Risk - Individual investments held by the Plans that represent 5.0% or more of the Plans' net position available for benefits at December 31, 2015 and 2014 are as follows:

Investment at contract value – December 31, 2015	457 Value	401(k) Value
MTA Stable Value Fund	$805,593,393	$984,627,394

Investment at NAV – December 31, 2015	457 Value	401(k) Value
MTA Large-Cap Growth Portfolio	$228,173,059	$319,854,420
MTA Large-Cap Core Index Fund	212,164,917	308,799,014
MTA Mid-Cap Core Portfolio	113,520,739	152,803,898

Investment at contract value – December 31, 2014	457 Value	401(k) Value
MTA Stable Value fund	$771,831,770	$938,061,758

Investment at NAV – December 31, 2014	457 Value	401(k) Value
MTA Large-Cap Growth Portfolio	$198,135,976	$280,594,085
MTA Large-Cap Core Index Fund	202,602,344	303,910,990
MTA Mid-Cap Core Portfolio	113,926,899	151,858,747

The following table shows the contract and NAV values of investment in the various investment options at December 31, 2015 and 2014

Investments at Contract and NAV Values at December 31, 2015

Target-Year Lifecycle Funds	457 Value	401k Value
MTA Target-Year Lifecycle 2015 Fund	$ 44,493,225	$62,596,459
MTA Target-Year Lifecycle 2020 Fund	31,701,586	43,876,804
MTA Target-Year Lifecycle 2025 Fund	74,885,902	115,481,365
MTA Target-Year Lifecycle 2030 Fund	24,716,722	40,601,292
MTA Target-Year Lifecycle 2035 Fund	52,410,891	85,149,529
MTA Target-Year Lifecycle 2040 Fund	13,328,970	20,399,118
MTA Target-Year Lifecycle 2045 Fund	28,087,895	46,319,157
MTA Target-Year Lifecycle 2050 Fund	14,888,447	16,890,681
MTA Target-Year Lifecycle 2055 Fund	27,804	6,624
MTA Income Fund	33,983,242	45,290,912
International Equity Funds		
MTA International Portfolio	95,442,289	141,216,984
MTA International Index Fund	10,337,260	13,264,330
Small-Cap Equity Funds		
MTA Small Cap Core Portfolio	66,531,555	99,416,057
MTA Small Cap Core Index	28,396,091	32,814,357
Mid-Cap Equity Funds		
MTA Mid Cap Core Portfolio	113,520,739	152,803,898
MTA Mid Cap Core Index Fund	43,009,733	48,694,081
Large-Cap Equity Funds		
MTA Large Cap Core Index Fund	212,164,017	308,799,014
MTA Large Cap Growth Portfolio	228,173,059	319,854,420
MTA Large Cap Value Portfolio	58,383,202	86,611,075
Bond Funds		
MTA Bond Core Plus Portfolio	73,243,932	110,850,879
MTA Bond Aggregate Index Fund	13,472,198	15,987,628
Fixed Investment Option		
MTA Stable Value Fund	805,593,393	984,627,394
Self-Directed Investment Account	2,391,986	3,430,742
Total	**$ 2,069,184,138**	**$ 2,794,982,800**

Investments at Contract and NAV Values at December 31, 2014

Target-Year Lifecycle Funds	457 Value	401k Value
MTA Target-Year Lifecycle 2010 Fund	$ 6,071,672	$ 7,729,815
MTA Target-Year Lifecycle 2015 Fund	48,311,195	68,276,734
MTA Target-Year Lifecycle 2020 Fund	30,031,823	41,501,172
MTA Target-Year Lifecycle 2025 Fund	71,330,919	110,036,644
MTA Target-Year Lifecycle 2030 Fund	21,862,278	36,836,499
MTA Target-Year Lifecycle 2035 Fund	50,488,647	83,594,292
MTA Target-Year Lifecycle 2040 Fund	11,790,448	18,178,686
MTA Target-Year Lifecycle 2045 Fund	27,871,433	45,017,949
MTA Target-Year Lifecycle 2050 Fund	13,949,998	15,914,317
MTA Income Fund	28,374,316	39,235,976
International Equity Funds		
MTA International Portfolio	83,398,393	119,325,244
MTA International Index Fund	9,287,343	12,035,394
Small-Cap Equity Funds		
MTA Small Cap Core Portfolio	63,331,498	94,979,695
MTA Small Cap Core Index	25,122,551	30,027,707
Mid-Cap Equity Funds		
MTA Mid Cap Core Portfolio	113,926,899	151,858,747
MTA Mid Cap Core Index Fund	38,384,863	43,793,917
Large-Cap Equity Funds		
MTA Large Cap Core Index Fund	202,602,344	303,910,990
MTA Large Cap Growth Portfolio	198,135,976	280,594,085
MTA Large Cap Value Portfolio	58,752,358	87,222,326
Bond Funds		
MTA Bond Core Plus Portfolio	61,200,123	92,340,355
MTA Bond Aggregate Index Fund	11,870,236	14,612,841
Fixed Investment Option		
MTA Stable Value Fund	771,831,770	938,061,759
Self-Directed Investment Account	2,035,410	2,721,576
Total	**$1,949,962,493**	**$ 2,637,806,720**

The following tables show the interest and/or dividends earned on investments and net appreciation/ (depreciation) for the years ended December 31, 2015 and 2014.

457 Investments at December 31, 2015

Target-Year Lifecycle Funds	**Cash Earnings**	**Appreciation/Depreciation In Fair Market Value - Net**
MTA Target-Year Lifecycle 2010 Fund		($14,244)
MTA Target-Year Lifecycle 2015 Fund	$2	480,156
MTA Target-Year Lifecycle 2020 Fund	-	261,402
MTA Target-Year Lifecycle 2025 Fund	-	596,181
MTA Target-Year Lifecycle 2030 Fund	-	134,993
MTA Target-Year Lifecycle 2035 Fund	-	312,228
MTA Target-Year Lifecycle 2040 Fund	45	86,426
MTA Target-Year Lifecycle 2045 Fund	-	234,658
MTA Target-Year Lifecycle 2050 Fund	6	89,305
MTA Target-Year Lifecycle 2055 Fund	-	416
MTA Income Fund	(21)	324,408
International Equity Funds		
MTA International Portfolio	(14)	381,162
MTA International Index Fund	-	(616,930)
Small-Cap Equity Funds		
MTA Small Cap Core Portfolio	(3)	28,327
MTA Small Cap Core Index	-	(1,255,518)
Mid-Cap Equity Funds		
MTA Mid Cap Core Portfolio	(4)	(513,021)
MTA Mid Cap Core Index Fund	-	(1,130,066)
Large-Cap Equity Funds		
MTA Large Cap Core Index Fund	(3)	3,150,685
MTA Large Cap Growth Portfolio	(6)	21,671,008
MTA Large Cap Value Portfolio	(2)	(1,709,687)
Bond Funds		
MTA Bond Core Plus Portfolio	43	(556,142)
MTA Bond Aggregate Index Fund	-	45,065
Fixed Investment Option		
MTA Stable Value Fund	70	15,044,409
Self-Directed Investment Account	-	(48,528)
Total	**$113**	**$36,996,693**

457 Investments at December 31, 2014

Target-Year Lifecycle Funds	Cash Earnings	Appreciation/Depreciation in Fair Market Value - Net
MTA Target-Year Lifecycle 2010 Fund	$ -	$ 174,825
MTA Target-Year Lifecycle 2015 Fund	-	1,498,273
MTA Target-Year Lifecycle 2020 Fund	-	906,855
MTA Target-Year Lifecycle 2025 Fund	-	2,516,056
MTA Target-Year Lifecycle 2030 Fund	-	773,414
MTA Target-Year Lifecycle 2035 Fund	-	1,916,004
MTA Target-Year Lifecycle 2040 Fund	-	426,859
MTA Target-Year Lifecycle 2045 Fund	-	1,008,927
MTA Target-Year Lifecycle 2050 Fund	-	435,429
MTA Income Fund	-	757,660
International Equity Funds		
MTA International Portfolio	-	(4,015,851)
MTA International Index Fund	-	(454,906)
Small-Cap Equity Funds		
MTA Small Cap Core Portfolio	-	(311,995)
MTA Small Cap Core Index	-	1,237,620
Mid-Cap Equity Funds		
MTA Mid Cap Core Portfolio	-	9,229,799
MTA Mid Cap Core Index Fund	-	3,357,840
Large-Cap Equity Funds		
MTA Large Cap Core Index Fund	-	23,539,088
MTA Large Cap Growth Portfolio	-	17,971,474
MTA Large Cap Value Portfolio	-	6,475,750
Bond Funds		
MTA Bond Core Plus Portfolio	-	2,515,097
MTA Bond Aggregate Index Fund	-	533,359
Fixed Investment Option		
MTA Stable Value Fund	(1)	13,727,826
Self-Directed Investment Account	-	108,912
Total	**($1)**	**$ 84,328,315**

401(k) Investments at December 31, 2015

Target-Year Lifecycle Funds	Cash Earnings	Appreciation/Depreciation in Fair Market Value - Net
MTA Target-Year Lifecycle 2010 Fund	$ -	($17,298)
MTA Target-Year Lifecycle 2015 Fund	-	661,014
MTA Target-Year Lifecycle 2020 Fund	-	377,238
MTA Target-Year Lifecycle 2025 Fund	3	914,637
MTA Target-Year Lifecycle 2030 Fund	-	267,156
MTA Target-Year Lifecycle 2035 Fund	-	557,705
MTA Target-Year Lifecycle 2040 Fund	-	140,509
MTA Target-Year Lifecycle 2045 Fund	-	360,969
MTA Target-Year Lifecycle 2050 Fund	-	89,310
MTA Target-Year Lifecycle 2055 Fund	-	27
MTA Income Fund	1	446,354
International Equity Funds		
MTA International Portfolio	(27)	377,593
MTA International Index Fund	-	(721,280)
Small-Cap Equity Funds		
MTA Small Cap Core Portfolio	(49)	(32,359)
MTA Small Cap Core Index	-	(1,556,907)
Mid-Cap Equity Funds		
MTA Mid Cap Core Portfolio	(60)	(665,103)
MTA Mid Cap Core Index Fund	-	(1,192,480)
Large-Cap Equity Funds		
MTA Large Cap Core Index Fund	(101)	4,535,707
MTA Large Cap Growth Portfolio	(107)	30,585,709
MTA Large Cap Value Portfolio	(62)	(2,683,389)
Bond Funds		
MTA Bond Core Plus Portfolio	(103)	(831,452)
MTA Bond Aggregate Index Fund	-	46,064
Fixed Investment Option		
MTA Stable Value Fund	(2,136)	18,308,257
Self-Directed Investment Account	-	(85,689)
Total	**($2,641)**	**$49,882,292**

401(k) Investments at December 31, 2014

Target-Year Lifecycle Funds	Cash Earnings	Appreciation/Depreciation in Fair Market Value - Net
MTA Target-Year Lifecycle 2010 Fund	$ -	$ 231,331
MTA Target-Year Lifecycle 2015 Fund	-	2,191,544
MTA Target-Year Lifecycle 2020 Fund	-	1,316,509
MTA Target-Year Lifecycle 2025 Fund	-	3,921,093
MTA Target-Year Lifecycle 2030 Fund	-	1,298,230
MTA Target-Year Lifecycle 2035 Fund	-	3,163,268
MTA Target-Year Lifecycle 2040 Fund	-	655,203
MTA Target-Year Lifecycle 2045 Fund	-	1,637,282
MTA Target-Year Lifecycle 2050 Fund	-	510,534
MTA Income Fund	-	1,015,620
International Equity Funds		
MTA International Portfolio	(102)	(5,731,464)
MTA International Index Fund	-	(555,199)
Small-Cap Equity Funds		
MTA Small Cap Core Portfolio	(81)	(426,141)
MTA Small Cap Core Index	-	1,348,783
Mid-Cap Equity Funds		
MTA Mid Cap Core Portfolio	(561)	12,267,735
MTA Mid Cap Core Index Fund	-	3,855,394
Large-Cap Equity Funds		
MTA Large Cap Core Index Fund	(426)	35,247,412
MTA Large Cap Growth Portfolio	(534)	25,399,189
MTA Large Cap Value Portfolio	(158)	9,632,269
Bond Funds		
MTA Bond Core Plus Portfolio	(33)	3,868,331
MTA Bond Aggregate Index Fund	-	675,379
Fixed Investment Option		
MTA Stable Value Fund	(1,573)	16,608,351
Self-Directed Investment Account	-	151,047
Total	**($ 3,468)**	**$118,281,700**

Credit Risk – The investment alternatives offered under the Program are not guaranteed by any governmental body, including the MTA, and are not risk-free. The safety of funds invested in the various investment accounts is based upon the performance and stability of the securities in the underlying portfolios. Investment in these funds can be expected to increase or decrease in value depending upon market conditions. The Deferred Compensation Committee (the "Committee"), with the assistance of its independent investment consultant continuously monitors the program funds pursuant to investment policy and objectives. When funds are determined to not be meeting the investment policy and objectives, they are closed and replaced.

At December 31, 2015, the following credit quality rating has been assigned by a nationally recognized rating organization to the Fixed Income Portfolio of the Plans:

Quality Rating	457	457 Percentage of Fixed Income Portfolio	401(k)	401(k) Percentage of Fixed Income Portfolio
AAA	$ 469,727,691	43.63%	$ 612,834,150	43.94%
AA	63,380,137	5.89%	80,671,205	5.78%
A	144,495,317	13.42%	185,659,267	13.31%
BBB	116,889,017	10.86%	152,170,862	10.91%
BB	10,162,966	0.94%	14,873,718	1.07%
Below BB	3,497,356	0.32%	4,863,554	0.35%
Credit Risk Debt Securities	808,152,484	75.06%	1,051,072,756	75.36%
U.S. Government Bonds	268,525,761	24.94%	343,612,997	24.64%
Total fixed income securities	1,076,678,245	100.00%	1,394,685,753	100.00%
Other securities not rated - equity, international funds and corporate bonds	992,505,893		1,400,297,047	
	$ 2,069,184,138		$ 2,794,982,800	

At December 31, 2014, the following credit quality rating has been assigned by a nationally recognized rating organization to the Fixed Income Portfolio of the Plans:

Quality Rating	457	457 Percentage of Fixed Income Portfolio	401(k)	401(k) Percentage of Fixed Income Portfolio
AAA	$ 439,404,781	42.33%	$ 559,288,148	41.65%
AA	93,498,261	9.01%	131,571,178	9.80%
A	132,472,186	12.76%	167,403,787	12.47%
BBB	65,556,932	6.31%	85,267,272	6.35%
BB	1,792,504	0.17%	2,233,306	0.16%
Credit Risk Debt Securities	732,724,664	70.58%	945,763,691	70.43%
U.S. Government Bonds	305,430,576	29.42%	397,046,754	29.57%
Total fixed income securities	1,038,155,240	100.00%	1,342,810,445	100.00%
Other securities not rated - equity, international funds and corporate bonds	911,807,253		1,294,996,275	
	$ 1,949,962,493		$ 2,637,806,720	

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the contract and NAV values of the investment. Duration is a measure of interest rate risk. The greater the duration of a portfolio, the greater its price volatility will be in response to a change in interest rate risk and vice versa. Duration is an indicator of bond price's sensitivity to 100 basis point change in interest rates.

2015

Investment Type	457	401(k)	Total	Duration
Stable Value Fund	$ 746,246,539	$ 919,240,506	$ 1,665,487,045	2.91 *
Loomis Sayles	24,170,497	36,580,790	60,751,287	6.74
TCW Group	24,902,937	37,689,299	62,592,236	4.97
SSgA BC Aggregate Fund	13,472,198	15,987,628	29,459,826	5.69
SSgA Real Asset Fund	35,121,160	36,580,790	71,701,950	3.84
Wellington World Bond Fund	24,170,497	52,083,487	76,253,984	7.60
Total Fixed Income Portfolio Modified Duration	868,083,828	1,098,162,500	1,966,246,328	
Investment with no duration reported	1,201,100,310	1,696,820,300	2,897,920,610	
Total investments	$ 2,069,184,138	$ 2,794,982,800	$ 4,864,166,938	

* Average Duration - the price sensitivity to yield and the rate of change of price with respect to yield due to the passage of time.

2014

Investment Type	457	401(k)	Total	Duration
Stable Value Fund	$ 826,879,307	$ 1,016,655,936	$ 1,843,535,243	2.86 *
PIMCO Total Return Institutional Fund	126,207,120	192,041,293	318,248,413	3.66
SSgA BC Aggregate Fund	11,870,236	14,612,841	26,483,077	5.55
SSgA TIPS Index Fund	40,732,346	60,378,964	101,111,310	5.76
Total Fixed Income Portfolio Modified Duration	1,005,689,009	1,283,689,034	2,289,378,043	
Investment with no duration reported	944,273,484	1,354,117,686	2,298,391,170	
Total investments	$ 1,949,962,493	$ 2,637,806,720	$ 4,587,769,213	

* Average Duration - the price sensitivity to yield and the rate of change of price with respect to yield due to the passage of time.

Foreign Currency Risk - Foreign currency risk is the risk that changes in exchange rates will adversely affect the contract and NAV values of an investment or deposit. The Program has an indirect exposure to foreign currency fluctuations for the Plans' investments are as follows:

2015 Currency	457 Holdings in U.S. Dollars	401(k) Holdings in U.S. Dollars	Total Holdings in U.S. Dollars
Australian Dollar	$ 8,430,411	$ 12,689,482	$ 21,119,893
Bermudian Dollar	1,391	1,673	3,064
Brazil Cruzeiro Real	1,009,692	1,509,808	2,519,500
British Pound Sterling	35,032,603	52,780,871	87,813,474
Canadian Dollar	9,374,858	14,010,627	23,385,485
Chilean Peso	28,627	36,412	65,039
Chinese Yuan Renminbi	(451,209)	(701,617)	(1,152,826)
Colombian Peso	29,729	36,486	66,215
Czech Krone	143,862	219,955	363,817
Danish Krone	4,841,981	7,351,495	12,193,476
Egyptian Pound	5,337	6,940	12,277
Euro	48,951,105	73,573,524	122,524,629
Hong Kong Dollar	8,712,557	13,064,287	21,776,844
Hungarian Forint	14,020	19,774	33,794
Indian Rupee	1,647,704	2,457,190	4,104,894
Indonesia Rupiah	282,416	416,379	698,795
Israeli Shekel	1,030,436	1,550,257	2,580,693
Japanese Yen	39,847,052	60,061,720	99,908,772
Malaysian Ringgit	198,440	283,765	482,205
Mexican Peso	3,703,747	5,632,936	9,336,683
Moroccan Dirham	326	491	817
New Zealand Dollar	1,721,989	2,640,247	4,362,236
Norwegian Krone	3,138,391	4,762,057	7,900,448
Panamanian Balboa	8,346	10,038	18,384
Peruvian Nuevo Sol	8,782	10,692	19,474
Philippine Peso	637,023	958,871	1,595,894
Polish Zloty	783,320	1,191,763	1,975,083
Qatar Riyal	20,280	26,374	46,654
Russian Ruble	3,202	4,164	7,366
Singapore Dollar	1,272,760	1,895,486	3,168,246
South African Rand	1,751,658	2,628,060	4,379,718
South Korean Won	1,698,329	2,486,961	4,185,290
Swedish Krona	6,669,738	10,088,802	16,758,540
Swiss Franc	11,149,261	16,747,359	27,896,620
New Taiwan Dollar	1,498,041	2,212,870	3,710,911
Thai Baht	262,231	387,339	649,570
Turkish Lira	480,527	712,243	1,192,770
United Arab Emirates Dirham	155,571	232,462	388,033
Uruguayan Peses	5,564	6,692	12,256
Total	$ 194,100,098	$ 292,004,935	$ 486,105,032

2014 Currency	457 Holdings in U.S. Dollars	401(k) Holdings in U.S. Dollars	Total Holdings in U.S. Dollars
Australian Dollar	$ 5,877,296	$ 8,668,340	$ 14,545,636
Brazil Cruzeiro Real	1,431,965	2,102,530	3,534,495
British Pound Sterling	31,042,364	45,982,325	77,024,689
Canadian Dollar	5,073,232	7,430,387	12,503,619
Chilean Peso	22,050	28,956	51,006
Columbian Peso	12,463	16,367	28,830
Czech Krone	4,794	6,295	11,089
Danish Krone	1,672,615	2,472,782	4,145,397
Egyptian Pound	6,711	8,813	15,524
Euro	38,393,625	56,681,297	95,074,922
Hong Kong Dollar	5,985,150	8,800,932	14,786,082
Hungarian Forint	3,835	5,036	8,871
Indian Rupee	3,945,278	5,849,750	9,795,028
Indonesia Rupiah	548,475	806,763	1,355,238
Israeli Shekel	646,543	956,205	1,602,748
Japanese Yen	29,772,832	44,087,934	73,860,766
Malaysian Ringgit	74,780	98,200	172,980
Mexican Peso	433,902	629,191	1,063,093
New Zealand Dollar	260,028	384,076	644,104
Norwegian Krone	1,878,271	2,788,040	4,666,311
Philippine Peso	465,544	688,820	1,154,364
Polish Zloty	30,679	40,287	70,966
Qatar Riyal	16,298	21,403	37,701
Russian Ruble	76,697	100,718	177,415
Singapore Dollar	640,377	935,194	1,575,571
South African Rand	1,228,154	1,775,492	3,003,646
South Korean Won	987,170	1,442,249	2,429,419
Swedish Krona	5,105,782	7,567,395	12,673,177
Swiss Franc	10,272,918	15,197,280	25,470,198
New Taiwan Dollar	722,754	1,029,167	1,751,921
Thai Baht	668,251	986,003	1,654,254
Turkish Lira	241,605	353,427	595,032
United Arab Emirates Dirham	245,030	363,090	608,120
Yuan Renminbi (China)	556,901	829,449	1,386,350
Total	$ 148,344,369	$ 219,134,193	$ 367,478,562

In year 2015, the MTA Deferred Compensation Program adopted GASB Statement No. 72 ("GASB 72"), *Fair Value Measurement and Application*. GASB 72 was issued to address accounting and financial reporting issues related to fair value measurements.

Investments measured at Contract and NAV values
(In thousands)

457 Plan	December 31, 2015	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
	2015			
Equity Securities:				
Comingled large-cap equity funds	$ 315,376	$ -	Daily	None
Large-cap equity mutual fund	243,865	-	Daily	None
Comingled mid-cap equity funds	105,817	-	Daily	None
Mid-cap equity mutual fund	62,807	-	Daily	None
Comingled small-cap equity funds	107,020	-	Daily	None
Comingled international equity fund	10,337	-	Daily	None
International equity mutual funds	178,836	-	Daily	None
Total equity securities	1,024,058	-		
Debt Securities				
Comingled debt funds	145,624		Daily	None
Total debt securities	145,624	-		
Real assets				
Comingled real asset equity fund	35,121	-	Daily	None
Total real assets	35,121	-		
Other:				
Self direct investment option	2,392	-	Daily	None
Total other	2,392	-		
Total investments measured at the NAV	1,207,195	-		
Investments measured at Contract Value	861,989	-		
Total investments	$ 2,069,184	$ -		

Investments measured at Contract and NAV values
(In thousands)

401k Plan	December 31, 2015	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
	2015			
Equity Securities:				
Comingled large-cap equity funds	$ 449,853	$ -	Daily	None
Large-cap equity mutual fund	357,245	-	Daily	None
Comingled mid-cap equity funds	134,303	-	Daily	None
Mid-cap equity mutual fund	85,609	-	Daily	None
Comingled small-cap equity funds	150,644	-	Daily	None
Comingled international equity fund	13,264	-	Daily	None
International equity mutual funds	267,887	-	Daily	None
Total equity securities	1,458,805	-		
Debt Securities				
Comingled debt funds	216,263	-	Daily	None
Total debt securities	216,263	-		
Real assets				
Comingled real asset equity fund	52,083	-	Daily	None
Total real assets	52,083	-		
Other:				
Self direct investment option	3,431	-	Daily	None
Total other	3,431	-		
Total investments measured at the NAV	1,730,582	-		
Investments measured at Contract Value	1,064,401	-		
Total investments	$ 2,794,983	$ -		

Investments measured at Contract and NAV values
(In thousands)

457 Plan	**2014** December 31, 2015	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Equity Securities:				
Comingled large-cap equity funds	$ 284,243	$ -	Daily	None
Large-cap equity mutual fund	230,330	-	Daily	None
Comingled mid-cap equity funds	104,385	-	Daily	None
Mid-cap equity mutual fund	66,000	-	Daily	None
Comingled small-cap equity fund	106,023	-	Daily	None
Comingled international equity fund	9,287	-	Daily	None
International equity mutual funds	141,970	-	Daily	None
Total equity securities	942,238	-		
Debt Securities				
Comingled debt funds	178,810		Daily	None
Total debt securities	178,810	-		
Other:				
Self direct investment option	2,035	-	Daily	None
Total other	2,035	-		
Total investments measured at the NAV	1,123,083	-		
Investments measured at Contract Value	826,879	-		
Total investments	$ 1,949,962	$ -		

Investments measured at Contract and NAV values
(In thousands)

401k Plan	**2014** December 31, 2015	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Equity Securities:				
Comingled large-cap equity funds	$ 409,166	$ -	Daily	None
Large-cap equity mutual fund	346,621	-	Daily	None
Comingled mid-cap equity funds	133,494	-	Daily	None
Mid-cap equity mutual fund	89,700	-	Daily	None
Comingled small-cap equity fund	30,028	-	Daily	None
Small-cap equity separate accounts	121,686	-	Daily	None
Comingled international equity fund	12,035	-	Daily	None
International equity mutual funds	208,666	-	Daily	None
Total equity securities	1,351,396	-		
Debt Securities				
Comingled debt funds	267,033	-	Daily	None
Total debt securities	267,033	-		
Other:				
Self direct investment option	2,722	-	Daily	None
Total other	2,722	-		
Total investments measured at the NAV	1,621,151	-		
Investments measured at Contract Value	1,016,656	-		
Total investments	$ 2,637,807	$ -		

Comingled Funds - The fair values of the investments of this type have been determined using the NAV per share of the investments. The comingled equity funds are comprise of large cap, mid-cap, small-cap and international funds that invest in core indices across all industries, growth and value respectively. The comingled debt funds are comprised of corporate, treasuries and international fixed income securities.

Real Assets – The fund represents an optimal solution for an inflation hedging strategy and incorporates a diversified multi asset class approach. The fund strategic weights which are rebalanced monthly are as follows: 25% Bloomberg Roll Select Commodity Index; 25% Standard and Poor’s (r) Global LargerMidCap Commodity & Resources Index; 10% Standard and Poor’s Global Infrastructure Equity Index; 15% Dow Jones US Select REIT Index and 25% Barclays US TIPS Index. The fair values of the investments of this type have been determined using the NAV per share of the investments.

Self-Direct Brokerage Accounts – The Deferred Compensation program allows participants the option to invest up to twenty (20) percent of their account in over 500 mutual fund families comprising of more than 15,000 individual mutual funds. All investments under this option are in mutual funds and are measured at the respective fund NAVs.

4. CONTRIBUTIONS

Matching Contributions - MTA Bus, on behalf of certain MTA Bus employees, MTA Metro-North Railroad on behalf of certain MNR employees who opted-out of participation in the MTA Defined Benefit Pension Plan and MTA on behalf of certain represented MTA Business Service Center employees, make contributions to the 401(k) Plan. The rate for the employer contribution varies.

MTA Bus - Certain members who were employed by Queens Surface Corporation on February 26, 2005, and who became employees of MTA Bus on February 27, 2005, receive a matching contribution equal to 50% of member's before-tax contributions provided that the maximum matching contribution shall not exceed 3% of the member's base pay. MTA Bus also makes a basic contribution equal to 2% of the member's compensation. These contributions vest as follows:

Years of Service	Vested Percentage
Less than 2	0%
2	20%
3	40%
4	60%
5	80%
6 or more	100%

MTA Metro-North Railroad – MNR employees represented by certain unions and who elected to opt-out of participation in the MTA Defined Benefit Pension Plan receive an annual employer contribution equal to 4% of the member's compensation. Effective on the first full pay period following the nineteenth anniversary date of an eligible MNR member's continuous employment, MTA Metro-North Railroad contributes an amount equal to 7% of the member's compensation. Eligible MNR members vest in these employer contributions as set forth below:

Years of Service	Vested Percentage
Less than 5	0%
5 or more	100%

MTA Headquarters - Police - For each plan year, the MTA shall make contributions to the Account of each eligible MTA Police Benevolent Association member in the amounts required by the collective bargaining agreement ("CBA") and subject to the contribution limits set forth in the CBA. These contributions shall be made monthly and shall be considered MTA Police contributions. Members are immediately 100% vested in these employer contributions.

MTA Headquarters – Commanding Officers - For each plan year, the MTA shall make contributions to the Account of each eligible MTA Police Department Commanding Officers Association Benevolent Association member in the amounts required by the collective bargaining agreement ("CBA") and subject to the contribution limits set forth in the CBA. These contributions shall be made monthly and shall be considered MTA Police contributions. Members are immediately 100% vested in these employer contributions.

MTA Headquarters – Business Services Center- Effective January 1, 2011, all newly hired MTA Business Services Center employees represented by the Transportation Communications Union are eligible to receive a matching contribution, up to a maximum of 3% of the participant's compensation. A participant's right to the balance in his or her matching contributions shall upon the first of the following to occur:

1. Completing 5 years of service,
2. Attaining the Normal Retirement Age of 62 while in continuous employment, or
3. Death while in continuous employment.

Additional Deposits (Incoming Rollover or Transfers) - Participants in the Deferred Compensation Program are eligible to roll over both their before-tax and after-tax assets from other eligible retirement plans into the 401(k) and 457 Plans.

Status - As of December 31, 2015 and 2014, 34.3% and 34.3% of the eligible employees were enrolled in the 457 Plan and 48.17% and 46.5% of the eligible employees were enrolled in the 401(k) Plan, respectively. There are 30,293 and 29,592 active participants in the 457 Plan and 40,990 and 38,619 active participants in the 401(k) Plan. The average account balance in the 457 Plan is $54,319 and $53,449 and in the 401(k) Plan is $57,058 and $57,943 in 2015 and 2014, respectively.

5. DISTRIBUTIONS

In-Service Withdrawals - A 457 Plan participant who experiences an unforeseeable emergency (as defined by the Code) may apply for a withdrawal. A 401(k) Plan participant who experiences an immediate and heavy financial need (as defined by the Code) may apply for a withdrawal by filing a hardship application. Distributions are subject to applicable taxes and penalties.

Direct Transfer for Purchasing Permissive Service Credit - Participants in the 457 or 401(k) Plans are eligible to use their Plan assets as a source of funding for the purchase of certain permissive service credits (as defined by the Code) in certain defined benefit plan or pension systems, via a direct transfer.

Distribution of Benefits - Upon a participant's severance from the MTA, the participant is entitled to receive an amount equal to the value of his or her vested account, to be paid in accordance with one of the methods described below. Participants can choose to remain in the Plans and are not required to withdraw, roll over or transfer their account upon severance.

Commencement date - Subject to required minimum distribution rules, a participant may elect any commencement date after severance. A participant has the option to cancel or change their distribution schedule at any time upon proper notice to the Plans Record-keeper. Upon reaching the later of April 1st of the calendar year following: (1) the calendar year he or she reaches age 70 ½, or (2) the calendar year in which he or she severs from the MTA, participants are required to receive a minimum distribution from their account.

Method of Distribution for Direct Payment - If a participant chooses to take direct payments; the following methods of distribution are available under the Plans:

- Full lump sum payment; or
- Substantially equivalent monthly, quarterly, semi-annual or annual installment payments; or

Election of Length of Distribution - If a participant elects installment payments, he or she may specify either:

- the total number of installment payments, or
- the dollar amount of each payment.

In either case, distributions cannot be paid over a period of time which exceeds the life expectancy of the participant or, in certain circumstances, the joint life expectancy of the participant and a "designated beneficiary" (as defined by the Code). Installment payments will be recalculated annually and will be paid only until the account is exhausted.

Rollovers or Transfers Out of the Plans - If a participant chooses to transfer or roll over his or her Deferred Compensation account, or a portion thereof, it must be to an eligible retirement plan (401(a), 457, 401(k), 403(b) or rollover IRA). 457 Plan and 401(k) Plan participants are eligible to roll over or transfer their account balance(s) upon severance from service.

6. LOANS

The MTA Deferred Compensation Program offers participants the opportunity to borrow from either one or both Plans simultaneously. The MTA Plans permit one loan from the 457 Plan and up to two loans from the 401(k) Plan. However, participants are limited to a total of two loans. Thus, as a participant of both the 401(k) and the 457 Plans, a participant can have either two 401(k) loans or the combination of a 401(k) loan and a 457 loan. The MTA offers two types of loans: the first is a "General Purpose Loan", which is a five year loan and can be for any purpose. The second is a "Residential Loan", which is a loan for a primary residence and is a 20-year loan. For the Residential Loan, a signed contract to purchase the residence is necessary. Loan re-payment is made through payroll deduction. If a participant with an outstanding loan leaves the employment of the MTA, the participant may request to make coupon payments.

The minimum loan amount is $1,000. The maximum amount of an approved loan may not exceed the lesser of: (i) 50 percent of the participant's 457 or 401(k) Plan account balance; or (ii) $50,000 less the combined balance of all outstanding loans that a participant may have under the Program. All loans are subject to interest at prime rate plus 1 percent. A loan origination fee of $75.00 is deducted from the approved loan amount. Active MTA employee participants may not borrow from amounts attributable to Metro-North contributions, MTA Police contributions, MTA Police COA contributions, BSC Matching Contributions and Roth Elective Deferrals. The net loans outstanding for the 457 plan is $67.36 million and $60.85 million at December 31, 2015 and 2014, respectively, and for the 401(k) plan was $129.90 million and $118.64 million at December 31, 2015 and 2014, respectively.

7. ADDITIONAL PLAN INFORMATION

Participation - Eligible employees are allowed to participate in the 401(k) Plan and/or the 457 Plan upon employment with the MTA and its affiliates or subsidiaries. The record-keeper/trustee maintains a website, along with a telephone voice response system, or participants may use paper enrollment forms, for Program activities. Participants may make or suspend deferrals; may increase or decrease, in multiples of 1 percent, the percentage of wages to be deferred or any whole dollar amount; may change the investment option of future deferrals or initiate account transfers between investment options in multiples of 1 percent or any dollar amount. There is no restriction on the number of times a participant may change the amount of future deferrals. An employee participating in both the 457 Plan and 401(k) Plan who wishes to make any changes must do so independently for each Plan. An employee who has severed service from the MTA may rejoin the 457 Plan, the 401(k) Plan, or both and become an active participant after returning to service to the MTA by following the procedures set forth above.

Excessive Trading Policy - MTA has an Excessive Trading policy in place for the Plans. This policy monitors trading activity in investment options, utilizing criteria such as frequency of trades, dollar amount of the trades, and number of buys and sells performed by the participant. Activity exceeding established thresholds can be deemed excessive trading. The Excessive Trading policy defines excessive trading as one or more trades into and out of the same investment option within a rolling 30-day period when each trade is over $25,000. Automatic or system-driven transactions are not considered excessive trading. This includes contributions or loan repayments by payroll deductions, re-mapping transactions, hardship withdrawals, regularly scheduled or periodic distributions or periodic rebalancing through a systematic rebalancing program that is not initiated by the Program.

Maximum Deferrals - A participant in the 457 Plan could have deferred up to $18,000 and $17,500 plus an additional $6,000 and $5,500 for participants age 50 and over in calendar years 2015 and 2014, respectively. However, under certain circumstances, a participant may double the annual maximum contribution during each of the last three years prior to reaching his or her designated "Normal Retirement Age" ("Retirement Catch-Up Amount") if less than the maximum was deferred during earlier years. Alternatively, participants age 50 and over could have deferred an additional $18,000 and $17,500 in 2015 and 2014, irrespective of prior contributions ("Age 50 Catch-Up"). Participants may not make both the Retirement Catch-Up and the Age 50 Catch-Up to the 457 Plan in the same year.

Participants in both the 457 Plan and the 401(k) Plan are permitted to contribute the maximum to each Plan. **Membership** – As of December 31, 2015 and 2014, the Plans' membership with balances consisted of:

2015	457	401(k)
Active employees	30,293	40,990
Terminated/Inactive employees	7,822	7,617
Total active and inactive members	38,115	48,607
Vested employees	38,115	48,453

2014	457	401(k)
Active employees	29,592	38,619
Terminated/Inactive employees	6,867	7,208
Total active and inactive members	36,459	45,827
Vested employees	36,459	45,547

Maintenance of Accounts - For both the 457 Plan and the 401(k) Plan, the record-keeper establishes an account for each participant to which any amounts deferred, transferred or distributed under the Plans are credited or charged, including, as specified in the Participation Agreement or any amendment thereto, any increase or decrease in the value of the investment options. The Plans are not responsible for any decrease in the value of a participant's account.

Plans' Funding and Expense Payment - The MTA Deferred Compensation Program charges participants' quarterly administrative fees. These fees cover participant directed activities, communications, and administrative expenses. They also cover the cost of the Program's third party administrator, the investment advisor, outside legal counsel, in-house legal counsel and staff salaries and benefits.

8. TRUSTEE AND OTHER PROFESSIONAL SERVICES

The Trustee for the MTA is Prudential Bank & Trust FSB. Record-keeper and/or Administrative Services are provided by Prudential Retirement Insurance & Annuity Company ("PRIAC"). Investment management services are provided by PRIAC and Galliard Capital Management: separate accounts are managed by Denver Investment Advisors, Conestoga Capital Advisors, and TCW-Metropolitan West Asset Management. The Financial Advisor is Mercer Investment Consulting Inc., which reviews the investment policies adopted by the Investment Committee, the Plans' portfolio and the Investment Managers' performance.

9. SUBSEQUENT EVENTS

On June 9, 2016, the Deferred Compensation Committee approved allowing retired and separated employees to take a new loan from their vested account in the 401(k) Plan, subject to the general loan rules. To allow participants to initiate a new loan after separation from service, the Committee amended the 401(k) Plan.

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